



GAMAGARA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2014

GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

INDEX

NO	CONTENTS	PAGE
1	General Information and Approval of Annual Financial Statements	2 - 3
2	Members of the Council	4 - 5
3	Audit Report	6 - 7
4	Report of the Chief Financial Officer	8 - 15
5	Statement of Financial Position	16
6	Statement of Financial Performance	17
7	Statement of Changes in Net Assets	18
8	Cash Flow Statement	19
9	Accounting Policies	20 – 42
10	Notes to the Annual Financial Statements	43 – 92
11	Budget Statement	93 – 99
	Appendixes:	
12	A Schedule of External Loans	100
13	B Analysis of PPE	101
14	D Segmental Statement of Financial Performance	102
15	E1 Reconciliation of Budgeted Financial Performance - Standard Classification	103
16	E2 Reconciliation of Budgeted Financial Performance - Vote	104
17	E3 Reconciliation of Budgeted Financial Performance - Item	105
18	E4 Reconciliation of Budgeted Capital Expenditure	106
19	E5 Reconciliation of Budgeted Cash Flow	107
20	F Disclosure of Grants	108
21	F Statement of Remuneration of Management	109 – 110

**GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014**

GENERAL INFORMATION

EXECUTIVE MAYOR

Hon. Cllr. D.P. Moyo

GRADING OF THE LOCAL AUTHORITY

Grade 2

EXTERNAL AUDITORS

Office of the Auditor General (Kimberley)
Private Bag X5013
Kimberley
8300

PRIMARY BANKER

First National Bank

REGISTERED OFFICE

Civic Centre
Cnr Hendrik Van Eck & Frikkie Meyer Rd
Kathu
8446

PO Box 1001
Kathu
8446

Telephone: (053) 723-6000
Website: <http://www.gamagara.co.za/>

Facsimile: (053) 723-1364

MUNICIPAL MANAGER

T.C. Itumeleng

CHIEF FINANCIAL OFFICER

NM. Grond

GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

GENERAL INFORMATION (continued)

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 110, in terms of Section 126(1) of the Municipal Finance Management Act (Act No 56 of 2003) and which I have signed on behalf of the municipality.

TC ITUMELENG
MUNICIPAL MANAGER
31 August 2014

NM GROND
CHIEF FINANCIAL OFFICER
31 August 2014

GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

MEMBERS OF THE COUNCIL

MEMBERS OF COUNCIL

Cllr. D.P. Moyo	Mayor
Cllr. V.L. Gorrah	Councillor
Cllr. T.E. Tiroyame	Councillor
Cllr. J.C. Kaars	Councillor
Cllr. O.E. Hantise	Councillor
Cllr. F. van den Heever	Councillor
Cllr. I. Obuseng	Councillor
Cllr. P. Selonyane	Councillor
Cllr. G. Vos	Councillor
Cllr. J. Johnson	Councillor

GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

MEMBERS OF THE COUNCIL (continued)

CERTIFICATION OF REMUNERATION OF COUNCILLORS

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

TC ITUMELENG
MUNICIPAL MANAGER
31 August 2014

GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

AUDIT REPORT

The 2013/14 Audit Report will be attached hereto when received, after the completion of the statutory audit.

GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Gamagara Municipality at 30 June 2014.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2013/14 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

INDICATOR	2014	2013
Surplus / (Deficit) before Appropriations	44 853 883	7 116 200
Surplus / (Deficit) at the end of the Year	975 106 213	930 252 330
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	29.31%	25.80%
Remuneration of Councillors	0.92%	0.91%
Depreciation and Amortisation	19.11%	20.16%
Impairment Losses	3.40%	2.62%
Repairs and Maintenance	3.77%	5.85%
Interest Paid	1.39%	2.00%
Bulk Purchases	28.69%	26.68%
Contracted Services	1.71%	1.78%
Grants and Subsidies Paid	3.28%	4.99%
General Expenses	8.25%	9.21%
Loss on Write-off of Property, Plant and Equipment	0.18%	-
Current Ratio:		
Trade Creditors Days	1	4
Debtors from Exchange Transactions Days	34	35

2.2 Performance Indicators:

INDICATOR	2014	2013
Financial Position		
Debtors Management:		
Outstanding Debtors to Revenue	10.02%	13.59%
Outstanding Service Debtors to Revenue	12.72%	17.88%
Liquidity Management:		
Current Ratio	0.89	0.80
Liquidity Ratio	0.18	0.06
Liability Management:		
Capital Cost as percentage of Own Revenue	3.27%	5.05%
Borrowed Funding as percentage of Own Capital Expenditure	0.00%	0.00%
Borrowing as percentage of Total Capital Assets	2.79%	3.36%
Safety of Capital:		
Gearing	3.00%	3.62%
Financial Viability:		
Debt Coverage	54.87	44.12
Cost Coverage	0.04	0.01
Financial Performance		
Expenditure Management:		
Creditors to Cash and Investments	3.53%	45.44%

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Gamagara municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2014 are as follows:

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	930 252 330	999 021 421	(6.88)	-	100.00
Operating income for the year	331 206 755	268 715 564	23.26	402 319 894	(17.68)
Appropriations for the year	-	-	-	-	-
	1 261 459 085	1 267 736 985	(0.50)	402 319 894	213.55
Expenditure:					
Operating expenditure for the year	286 352 872	261 599 363	9.46	242 259 707	18.20
Sundry transfers	0	75 885 291	-10000%	-	100.00
Closing surplus / (deficit)	975 106 213	930 252 330	4.82	160 060 187	509.21
	1 261 459 085	1 267 736 985	(0.50)	402 319 894	213.55

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	80 259 734	59 837 015	34.13	70 619 212	13.65
Expenditure	112 498 235	107 439 801	4.71	99 647 816	12.90
Surplus / (Deficit)	(32 238 501)	(47 602 786)	(32.28)	(29 028 604)	11.06
Surplus / (Deficit) as % of total income	(40.17)%	(79.55)%		(41.11)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	5 415 982	16 766 493	(67.70)	53 615 291	(89.90)
Expenditure	5 167 880	8 858 193	(41.66)	13 066 114	(60.45)
Surplus / (Deficit)	248 102	7 908 300	(96.86)	40 549 177	(99.39)
Surplus / (Deficit) as % of total income	4.58%	47.17%		75.63%	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	64 813 207	59 504 899	8.92	73 786 724	(12.16)
Expenditure	42 466 347	30 036 921	41.38	25 393 244	67.23
Surplus / (Deficit)	22 346 860	29 467 978	(24.17)	48 393 480	(53.82)
Surplus / (Deficit) as % of total income	34.48%	49.52%		65.59%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R71 758 817 (2013: R61 449 395). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	118 602 347	95 553 478	24.12	119 590 129	(0.83)
Expenditure	90 668 937	81 193 115	11.67	80 896 585	12.08
Surplus / (Deficit)	27 933 409	14 360 363	94.52	38 693 544	(27.81)
Surplus / (Deficit) as % of total income	23.55%	15.03%		32.36%	

3.5 Water Services:

Water is bought in bulk from Sedibeng and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R10 390 055 (2013: R8 344 425). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2013/14 R	Actual 2012/13 R	Percentage Variance %	Budgeted 2013/14 R	Variance actual/ budgeted %
Income	62 115 486	37 053 679	67.64	84 708 538	(26.67)
Expenditure	35 551 473	34 071 333	4.34	23 255 948	52.87
Surplus / (Deficit)	26 564 013	2 982 345	790.71	61 452 590	(56.77)
Surplus / (Deficit) as % of total income	42.77%	8.05%		72.55%	

4. RECONCILIATION OF BUDGET TO ACTUAL

4.1 Operating Budget:

DETAILS	2014	2013
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	160 060 187	103 393 360
Revenue variances	(71 113 139)	(24 816 106)
Expenditure variances:		
Employee Related Costs	(8 869 974)	(4 307 719)
Remuneration of Councillors	115 388	(26 140)
Collection Costs	-	-
Depreciation and Amortisation	(44 580 862)	(43 047 733)
Impairment Losses	(7 487 214)	(4 728 594)
Repairs and Maintenance	1 491 730	(1 838 309)
Interest Paid	(304 864)	5 927 527
Bulk Purchases	341 165	(20 913 878)
Contracted Services	1 245 410	(1 053 380)
Grants and Subsidies Paid	9 118 106	(1 665 477)
General Expenses	5 363 342	192 649
Loss on disposal of Property, Plant and Equipment	(525 392)	-
Actual surplus before appropriations	44 853 883	7 116 200

DETAILS	2014	2013
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	160 060 187	108 654 234
Vote 1 - Executive & Council	(14 127 406)	(3 929 771)
Vote 2 - Budget & Treasury Office	(2 543 085)	(2 744 384)
Vote 3 - Corporate Service	3 894 192	1 621 240
Vote 4 - Community Service	(6 791 351)	(5 056 524)
Vote 5 - Shared Service	5 604 219	3 521 019
Vote 6 - Technical Service	(101 242 873)	(94 949 614)
Actual surplus before appropriations	44 853 883	7 116 200

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2014 was R29 237 975 (30 June 2013: R33 660 584).

Loans to the amount of R0 (2012/13: R0) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

Refer to Note 17 and Appendix "A" for more detail.

6. EMPLOYEE BENEFIT LIABILITIES

Employee Benefit Liabilities amounted R33 041 231 as at 30 June 2014 (30 June 2013: R25 542 126) and is made up as follows:

Post-retirement Health Care Benefits Liability	29 065 776
Long Service Awards Liability	3 975 455
	33 041 231

The Post-retirement Health Care Benefits Liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

The Long-term Service Liability is an estimate of the long-service based on historical staff turnover. No other long-term service benefits are provided to employees. This liability is unfunded.

Refer to Note 18 for more detail.

7. NON-CURRENT PROVISIONS

Non-current Provisions amounted R4 092 456 as at 30 June 2014 (30 June 2013: R3 764 035) and is made up as follows:

Provision for Rehabilitation of Land-fill Sites	4 092 456
	4 092 456

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 19 for more detail.

8. CURRENT LIABILITIES

Current Liabilities amounted R56 351 570 as at 30 June 2014 (30 June 2013: R44 884 043) and is made up as follows:

Consumer Deposits	Note 12	4 639 486
Provisions	Note 13	1 586 066
Payables from Exchange Transactions	Note 14	356 650
Payables from Non-exchange Transactions	Note 15	13 970 134
Unspent Conditional Grants and Receipts	Note 16	1 217 129
Bank Overdraft	Note 7	30 159 496
Current Portion of Long-term Liabilities	Note 17	4 422 609
		56 351 570

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R883 665 970 as at 30 June 2014 (30 June 2013: R836 893 575).

Refer to Note 9 and Appendices "B, and E (4)" for more detail.

10. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 133 385 as at 30 June 2014 (30 June 2013: R1 186 853).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix "B" for more detail.

11. INVESTMENT PROPERTY

The net value of Investment Properties were R162 966 596 as at 30 June 2014 (30 June 2013: R164 153 596).

Investment Property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of operations.

Refer to Note 11 and Appendix "B" for more detail.

12. CURRENT ASSETS

Current Assets amounted R50 063 494 as at 30 June 2014 (30 June 2013: R35 869 094) and is made up as follows:

Inventories	Note 2	589 327
Non-current Assets Held-for-Sale	Note 3	1 187 000
Receivables from Exchange Transactions	Note 4	21 930 379
Receivables from Non-exchange Transactions	Note 5	7 837 411
VAT Receivable	Note 6	8 286 619
Cash and Cash Equivalents	Note 7	10 115 803
Operating Lease Assets	Note 8	116 954
		<u>50 063 494</u>

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 16 and 25, and Appendix "F" for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 55.

15. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

31 August 2014

GAMAGARA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

STATEMENT OF FINANCIAL POSITION AS AT 30 SEP 2014			
		Actual	
	Note	2014	2013
		R	Restated R
ASSETS			
Current Assets		50 063 494	35 869 094
Inventories	2	589 327	310 285
Non-current Assets Held-for-Sale	3	1 187 000	-
Receivables from Exchange Transactions	4	21 930 379	16 103 740
Receivables from Non-exchange Transactions	5	7 837 411	13 973 127
VAT Receivable	6	8 286 619	2 852 473
Cash and Cash Equivalents	7	10 115 803	2 500 424
Operating Lease Receivables	8	116 954	129 045
Non-Current Assets		1 047 765 951	1 002 234 024
Property, Plant and Equipment	9	883 665 970	836 893 575
Intangible Assets	10	1 133 385	1 186 853
Investment Property	11	162 966 596	164 153 596
Total Assets		1 097 829 445	1 038 103 118
LIABILITIES			
Current Liabilities		56 351 570	44 884 043
Consumer Deposits	12	4 639 486	4 091 749
Provisions	13	1 586 066	977 584
Payables from Exchange Transactions	14	356 650	1 136 252
Payables from Non-exchange Transactions	15	13 970 134	10 532 277
Unspent Conditional Grants and Receipts	16	1 217 129	1 221 349
Bank Overdraft	7	30 159 496	22 912 836
Current Portion of Long-term Liabilities	17	4 422 609	4 011 996
Non-Current Liabilities		66 371 662	62 966 744
Long-term Liabilities	17	29 237 975	33 660 584
Employee Benefit Liabilities	18	33 041 231	25 542 126
Non-current Provisions	19	4 092 456	3 764 035
Total Liabilities		122 723 232	107 850 788
Total Assets and Liabilities		975 106 213	930 252 330
NET ASSETS		975 106 213	930 252 330
Accumulated Surplus / (Deficit)	20	975 106 213	930 252 330
Total Net Assets		975 106 213	930 252 330

GAMAGARA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

		Actual	
	Note	2014	2013
		R	Restated R
REVENUE			
Revenue from Non-exchange Transactions			
Property Rates	21	23 623 405	19 928 044
Fines	22	775 204	368 193
Licences and Permits	23	1 055 089	847 899
Income from Agency Services	24	2 475 622	2 036 111
Government Grants and Subsidies Received	25	55 384 448	68 357 428
Public Contributions and Donations	26	31 189 640	22 418 867
Revenue from Exchange Transactions			
Service Charges	27	209 648 362	146 411 260
Rental of Facilities and Equipment	28	629 829	1 736 965
Interest Earned - External Investments	29	307 177	145 488
Interest Earned - Eskom deposits	29	138 899	133 610
Other Revenue	30	5 979 080	3 338 352
Profit on Sale of Land	31	-	2 993 348
Total Revenue		331 206 755	268 715 564
EXPENDITURE			
Employee Related Costs	32	83 936 489	67 487 627
Remuneration of Councillors	33	2 637 252	2 367 938
Depreciation and Amortisation	34	54 720 415	52 734 013
Impairment Losses	35	9 723 814	6 848 594
Repairs and Maintenance	36	10 785 772	15 312 175
Finance Costs	37	3 983 550	5 234 273
Bulk Purchases	38	82 148 872	69 793 820
Contracted Services	39	4 901 459	4 660 391
Grants and Subsidies Paid	40	9 379 499	13 063 392
General Expenses	41	23 610 358	24 097 141
Loss on Write-off of Property, Plant and Equipment	42	525 392	-
Total Expenditure		286 352 872	261 599 363
SURPLUS / (DEFICIT) FOR THE YEAR		44 853 883	7 116 200

GAMAGARA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

Description	Revaluation Reserve	Total for Accumulated Surplus/(Deficit) Account	Total
2013	R	R	R
Balance at 30 June 2012	-	999 021 421	999 021 421
Correction of Error (Note 44)	-	(75 885 291)	(75 885 291)
Restated Balance	-	923 136 130	923 136 130
Surplus / (Deficit) for the year		7 116 200	7 116 200
Balance at 30 June 2013	-	930 252 330	930 252 330
2014			
Surplus / (Deficit) for the year		44 853 883	44 853 883
Balance at 30 June 2014	-	975 106 213	975 106 213
	-	-	-

GAMAGARA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

		Actual	
	Note	2014	2013
		R	Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Property Rates	21	23 482 333	18 293 086
Government Grant and Subsidies	25	55 380 228	66 166 629
Public Contributions and Donations	26	31 189 640	22 418 867
Service Charges	27	203 821 723	142 480 153
Interest Received	29	446 076	279 098
Other Receipts		17 751 440	7 013 760
Payments			
Employee Related Costs	32	(74 948 871)	(61 745 215)
Remuneration of Councillors	33	(2 637 252)	(2 367 938)
Interest Paid	37	(3 983 550)	(5 234 273)
Suppliers Paid		(104 328 894)	(89 595 492)
Other Payments		(39 486 989)	(39 544 021)
NET CASH FLOWS FROM OPERATING ACTIVITIES		106 685 883	58 164 654
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	9	(102 026 829)	(69 345 340)
Purchase of Intangible Assets	10	(278 338)	(429 190)
Purchase of Investment Property	11	-	(2 247 000)
Correction of prior year additions to PPE & IP		-	(13 669 259)
Proceeds on Disposal of Property, Plant and Equipment		-	19 936 948
NET CASH FLOWS FROM INVESTING ACTIVITIES		(102 305 167)	(65 753 841)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings	17	(4 011 996)	(3 754 155)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(4 011 996)	(3 754 155)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVA		368 720	(11 343 343)
Cash and Cash Equivalents at Beginning of Period		(20 412 412)	(9 069 070)
Cash and Cash Equivalents at End of Period	7	(20 043 692)	(20 412 412)

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1.1 Changes In Accounting Policy And Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an Accounting Policy only in the following instances:

(a) if it is required by a Standard of GRAP; or

(b) when it results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1.2 Critical Judgements, Estimations And Assumptions

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy 9.2 on *Revenue from Exchange Transactions* and Accounting Policy 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from non-exchange transactions. In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

1.2.2 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 6.1 on *Financial Assets Classification* and Accounting Policy 6.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: *Financial Instruments*.

1.2.3 Impairment of Financial Assets

Accounting Policy 6.4 on *Impairment of Financial Assets* describes the process followed to determine the value at which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments* and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors. The total increase in estimation of the impairment of trade and other receivables from exchange transactions is disclosed in note 3 to the AFS.

1.2.4 Useful lives of Property, Plant and Equipment, Intangible assets and Investment property

As described in Accounting Policies 2.3 and 3.2 the municipality depreciates its property, plant and equipment and amortises its intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.2.5 Impairment: Write down of Property, Plant and Equipment, Investment property, Intangible assets, Heritage assets and Inventories

Accounting Policy 5 on *Impairment of assets* Accounting Policy 7.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to property, plant and equipment impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: *Impairment of non-Cash generating Assets* and GRAP 26: *Impairment of Cash generating Assets*. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the Net Realisable Value for inventories involves significant judgment by management. During the year the estimated impairments to property, plant and equipment made are disclosed in note 8 to the AFS, whilst no impairments were made to intangible assets or inventory.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1.2.6 Water inventory

The estimation of the water stock in the reservoirs is based on actual dip readings or the measurement of water via electronic level sensors, where the level indicates the depth of the water in the reservoir, which is then converted into volumes based on the total capacity of the relevant reservoir. Furthermore the length and width of all pipes are also taken into account in determining the volume of water on hand at year-end. Refer to accounting policy 7.2.

1.2.7 Defined Benefit Plan Liabilities

As described in Accounting Policy 11.2, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 17 to the Annual Financial Statements.

1.2.8 Provisions and contingent liabilities

Provision for Rehabilitation of Refuse Landfill Sites

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined have been applied and projected at an inflation rate of 6% and discounted to the net present value at 5.4%.

1.2.9 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the notes to the annual financial statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

1.6 Standards, Amendments To Standards And Interpretations Issued But Not Yet Effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005
GRAP 20 Related Party Disclosures (Revised)
GRAP 32 Service Concession Arrangement Grantor
GRAP 105 Transfers between entities under common control - issued November 2010
GRAP 106 Transfers between entities not under common control - issued November 2010
GRAP 107 Mergers - issued November 2010
GRAP 108 Statutory Receivables

The Minister of Finance announced that the application of GRAP 25 for period starting after 1 April 2013. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the Statement of Financial Performance when the compensation becomes receivable.

2.3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
Infrastructure		Buildings	
Electricity	3 - 55	Improvements	5 - 100
Roads and Paving	3 - 100		
Sanitation	7 - 55	Other	
Sewerage	7 - 100	Bins and Containers	5 - 15
Water	5 - 100	Computer equipment	3 - 10
		Emergency Equipment	3 - 10
Community		Furniture and Fittings	3 - 15
Community Facilities	5 - 60	Motor vehicles	4 - 15
Recreational Facilities	10 - 60	Office equipment	3 - 15
		Plant and Equipment	2 - 15
		Specialised vehicles	10 - 20
		Other assets	25 - 30

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

2.4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

2.5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.6 Land

Land is not depreciated as it is deemed to have an indefinite useful life.

2.7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

2.8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the Statement of Financial Performance when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

3. INTANGIBLE ASSETS

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as it is incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually, in accordance with GRAP 21 or GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. The cost of an intangible asset acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test. The useful lives per category of intangible assets are detailed below:

	Years
<i>Intangible asset</i>	
Software	2 - 5

Intangible assets are annually tested for impairment, including intangible assets not yet available for use, as per Accounting Policy 5: *Impairment of assets*. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.
- Property that is being constructed or developed for future use as investment property;

4.2 Subsequent Measurement - Fair Value Model

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in the Statement of Financial Performance for the period in which it arises.

4.3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

5. IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

5.1 Impairment of Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets included in the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

5.2 Impairment of Non-Cash generating assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

6. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument

The municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

6.1 Financial Assets - Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another entity.

In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

- Financial Asset at fair value
- Financial Asset at fair amortised cost
- Financial Asset at cost

Financial asset at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Receivables from exchange transactions	Financial asset at amortised cost
Receivables from non-exchange transactions	Financial asset at amortised cost
Investments in Fixed Deposits	Financial asset at amortised cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

6.2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Financial liabilities measured at fair value or
- (ii) Financial liabilities measured at amortised cost
- (iii) Financial liabilities measured at cost

The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position:

Type of Financial Liabilities	Classification in terms of GRAP 104
Long term Liabilities	Financial liability at amortised cost
Creditors	Financial liability at amortised cost
Bank overdraft	Financial liability at amortised cost
Current portion of Long-Term Liabilities	Financial liability at amortised cost

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

6.3 Initial and Subsequent Measurement

6.3.1 Financial Assets:

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *effective yield basis*.

Trade and other receivables (excluding Value Added Taxation, prepayments and operating lease receivables), loans to Municipality entities and loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial asset at amortised cost*.

6.3.2 Financial Liabilities:

Financial liabilities measured at fair value

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities measured at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as other liabilities) and are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

6.4 Impairment of Financial Assets

Financial assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Financial assets carried at amortised cost

Accounts receivable from exchange & non-exchange transactions encompasses consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made in accordance with GRAP 104 whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets carried at amortised cost with the exception of consumer debtors, where the carrying amount is reduced through the use of an allowance account. When a consumer debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

6.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

7. INVENTORIES

7.1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

7.2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). The cost is determined using the weighted average cost of commodities.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but cannot be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the Statement of Financial Position.

The basis of determining the cost of water purchased and not yet sold at Statement of Financial Position date comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition, net of trade discounts and rebates.

Water and purified effluent are valued by using the FIFO method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at year-end.

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

Redundant and slow-moving inventories

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

8. NON-CURRENT ASSETS HELD-FOR-SALE

8.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

8.2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

9. REVENUE RECOGNITION

9.1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

9.2 Revenue from Exchange Transactions

9.2.1 Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

9.2.2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

9.2.3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

9.2.4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

9.2.5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

9.2.6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

9.2.7 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

9.2.8 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

9.2.9 Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

9.3 Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

9.3.1 Rates And Taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

9.3.2 Fines

Revenue from the issuing of fines is recognised when it is probable that the economic benefits or service potential will flow to the entity and the amount of the revenue can be measured reliably.

Fines consist of spot fines and summonses. Revenue for fines is recognised when the fine is issued at the full amount of the receivable.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. An entity assesses the probability of collecting revenue when accounts fall into arrears. Such an assessment is not made at the time of initial recognition.

9.3.3 Public Contributions

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

Assets acquired in non-exchange transactions are measured at fair value in accordance with the Standards of GRAP.

9.3.4 Government Grants And Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional Grants and receipts

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

9.3.5 Revenue From Recovery Of Unauthorised, Irregular, Fruitless And Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

10. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances, Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Provision for the rehabilitation of landfill sites

The Municipality has an obligation to rehabilitate its Landfill Sites in terms of its license stipulations and a provision has been established accordingly. The amount of the provision is recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets.

11. EMPLOYEE BENEFIT LIABILITY

11.1 Short-Term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

11.2 Post-Employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS **FOR THE YEAR ENDED 30 JUNE 2014**

11.2.1 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

11.2.2 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

11.3 Post-Retirement Health Care Benefits:

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

11.4 Long-Service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

11.5 Provincially-Administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 50 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

11.6 Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

The municipality changed its accounting policy from IAS 19 to GRAP 25 with no effect on the financial information disclosed previously

12. LEASES

Lease Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

12.1 The Municipality As Lessor

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

13. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

14. VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15(2)(a) of the Value-Added Tax Act No 89 of 1991.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

15. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

16. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000) and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

18. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 42 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 43 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

19. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee members, Municipal Manager, executive directors and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

20. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

21. COMPARATIVE INFORMATION

21.1 Prior Year Comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

21.2 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2013 to 30 June 2014.

22. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

23. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

24. CAPITAL COMMITMENTS

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

GAMAGARA MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

25. SITE RESTORATION (LANDFILL SITE)

The Municipality has an obligation to rehabilitate its Landfill Sites in terms of its license stipulations and a provision has been established accordingly. The net present value of the rehabilitation cost of land-fill sites has been determined as at 30 June 2014 by a technical specialist, D.B. Grobler, (Prof. associated valuer & appraiser). The amount of the provision is recognised at the present value of the expenditure expected to settle the obligation and is carried at amortised cost. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets.

Major assumptions concerning future events

The cost estimate for construction works to be performed for the closure and rehabilitation of an existing disposal site include the following assumptions made by the technical specialist:

- a) The consolidation of "old" waste in the cell and filling of voids with builders rubble or other waste permissible for disposal at the site.
- b) Doming the entire site in such a way to prevent the formation of pools due to rain, to ensure free surface runoff of rain water.
- c) Capping the site in accordance with the capping design requirements as stipulated in the Minimum Requirements for Closure for the various classes of disposal sites;
- d) Rehabilitating the site in accordance with the end-use plan e.g. grassing, sport field etc.

Lifespan of the site:

- a) *Olifantshoek:*
The payment dates of the total closure and rehabilitation are uncertain, but are currently expected to be in 2033 (within the next 19 years).
- b) *Deben:*
The payment dates of the total closure and rehabilitation are uncertain, but are currently expected to be in 2023 (within the next 9 years).

26. CONSUMER DEPOSITS

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer Deposits held. Consumer deposits are held in the municipality's primary bank account and available for immediate release.

Classification in terms of GRAP 104: Financial liability at fair value

Financial Liabilities measured at fair value

Financial liabilities measured at fair value are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
1. GENERAL INFORMATION		
<p>Gamagara Municipality is a local government institution in Kathu, Northern Cape, and is one of four local municipalities under the jurisdiction of the John Taolo Gaetsewe District. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).</p>		
2. INVENTORIES		
Pothole mix	13 950	-
Fuel & consumables	398 600	184 293
Water - at cost	176 778	125 993
Total Inventories	589 327	310 285

Water Inventory has been restated to adhere to the recognition of Water Inventory held by the municipality in its reticulation network in terms of GRAP 12. Refer to Note 44 on "Correction of errors" for details of the restatement. Purification cost was recalculated at R 5.98 per kilolitre and raw water at 6c per kilolitre which affects the valuation of water inventory as at 30 June 2013.

The cost of water production for the year amounted to R 8.86 per kilolitre (2013: R 5.98 per kilolitre). Raw water purchased from Kumba Iron Ore amounts to 6c per kilolitre.

The cost of fuel and consumables recognised as an expense during the year amounted to R 3 893 006 (2013: R 3 178 109).

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. NON-CURRENT ASSETS HELD-FOR-SALE

Property Held-for-Sale - at cost	1 187 000	-
Net Non-current Assets Held-for-Sale	1 187 000	-

3.1 Property Held-for-Sale

The municipality intends to dispose of Investment Property within the next twelve months. No impairment loss was recognised on reclassification of the property as held-for-sale as at 30 June 2014.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Service Debtors:	44 939 476	23 269 708	21 669 768
Electricity	11 174 771	3 629 828	7 544 943
Refuse	12 452 658	9 537 762	2 914 896
Sewerage	4 950 765	1 372 891	3 577 874
Water	16 361 282	8 729 228	7 632 054
Other Receivables	1 600 129	1 339 518	260 611
Total Receivables from Exchange Transactions	46 539 605	24 609 226	21 930 379
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Service Debtors:	34 896 576	19 045 655	15 850 921
Electricity	9 418 308	2 639 356	6 778 953
Refuse	10 482 448	7 964 145	2 518 302
Sewerage	3 445 150	1 524 169	1 920 981
Water	11 550 670	6 917 984	4 632 686
Other Receivables	1 428 011	1 175 192	252 819
Total Receivables from Exchange Transactions	36 324 587	20 220 847	16 103 740

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables as per the municipality's credit control policy.

Receivables from Exchange Transactions have been restated to account for corrections of prior year balances. Refer to Note 44 on "Correction of Error" for details of the restatement.

At 30 June 2014, the municipality is owed R2 045 277 (30 June 2013: R1 800 073) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The fair value of Receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and Receivables as well as the current payment ratios of the municipality's Receivables.

4.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2014

	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	4 035 001	1 291 416	1 084 087	4 764 267	11 174 771
Less: Provision for Impairment	13 907	20 218	27 653	3 568 050	3 629 828
Net Balances	4 021 094	1 271 198	1 056 434	1 196 217	7 544 943
Refuse:					
Gross Balances	1 190 952	567 171	472 408	10 222 127	12 452 658
Less: Provision for Impairment	4 076	1 562	2 647	9 529 477	9 537 762
Net Balances	1 186 876	565 609	469 761	692 650	2 914 896
Sewerage:					
Gross Balances	1 269 500	1 028 525	1 215 534	1 437 206	4 950 765
Less: Provision for Impairment	5 126	21 059	43 251	1 303 455	1 372 891
Net Balances	1 264 374	1 007 466	1 172 283	133 751	3 577 874
Water:					
Gross Balances	4 106 713	1 379 009	871 027	10 004 534	16 361 282
Less: Provision for Impairment	11 019	9 324	7 494	8 701 391	8 729 228
Net Balances	4 095 694	1 369 685	863 533	1 303 143	7 632 054
Other Receivables:					
Gross Balances	125 075	93 937	14 746	1 366 371	1 600 129
Less: Provision for Impairment	582	1 643	120	1 337 174	1 339 518
Net Balances	124 493	92 294	14 626	29 197	260 611

As at 30 June Receivables of R11 237 848 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	31 - 60 Days	61 - 90 Days	+ 90 Days	
All Receivables:				
Gross Balances	4 360 058	3 657 801	27 794 505	35 812 364
Less: Provision for Impairment	53 806	81 165	24 439 546	24 574 517
Net Balances	4 306 253	3 576 636	3 354 959	11 237 848

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R			2013 R	
As at 30 June 2013					
	Current	Past Due			Total
	0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	
Electricity:					
Gross Balances	3 740 726	1 473 027	825 123	3 379 433	9 418 308
Less: Provision for Impairment	2 996	1 822	1 730	2 632 808	2 639 356
Net Balances	3 737 730	1 471 205	823 393	746 625	6 778 953
Refuse:					
Gross Balances	917 264	541 597	412 277	8 611 309	10 482 448
Less: Provision for Impairment	4 022	680	687	7 958 756	7 964 145
Net Balances	913 242	540 917	411 590	652 553	2 518 302
Sewerage:					
Gross Balances	1 271 278	295 117	174 556	1 704 199	3 445 150
Less: Provision for Impairment	4 724	605	504	1 518 336	1 524 169
Net Balances	1 266 554	294 512	174 052	185 863	1 920 981
Water:					
Gross Balances	1 306 506	1 199 904	866 696	8 177 564	11 550 670
Less: Provision for Impairment	19 479	4 922	5 157	6 888 426	6 917 984
Net Balances	1 287 027	1 194 982	861 539	1 289 138	4 632 686
Other Receivables:					
Gross Balances	109 043	95 276	14 961	1 208 731	1 428 011
Less: Provision for Impairment	316	909	122	1 173 845	1 175 192
Net Balances	108 727	94 367	14 839	34 886	252 819

As at 30 June Receivables of R8 790 460 were past due but not impaired. The age analysis of these Receivables are as follows:

	Past Due			Total
	<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
All Receivables:				
Gross Balances	3 604 921	2 293 613	23 081 236	28 979 770
Less: Provision for Impairment	8 938	8 200	20 172 172	20 189 310
Net Balances	3 595 983	2 285 413	2 909 064	8 790 460

4.2 Summary of Receivables from Exchange Transactions by Customer Classification

	Household	Industrial/ Commercial	National and Provincial Government	Total
	R	R	R	R
As at 30 June 2014				
<u>Current:</u>				
0 - 30 days	3 544 334	6 777 245	405 662	10 727 240
<u>Past Due:</u>				
31 - 60 Days	2 328 415	1 880 883	150 761	4 360 058
61 - 90 Days	1 575 631	1 925 697	156 473	3 657 801
+ 90 Days	22 809 105	3 973 653	1 011 747	27 794 505
Sub-total	30 257 484	14 557 478	1 724 643	46 539 605
Less: Provision for Impairment	20 639 727	3 166 515	802 984	24 609 226
Total Trade Receivables by Customer Classification	9 617 757	11 390 963	921 659	21 930 379

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Household	Industrial/ Commercial	2014 R National and Provincial Government	2013 R Total
	R	R	R	R
As at 30 June 2013				
<u>Current:</u>				
0 - 30 days	2 223 333	4 888 811	232 675	7 344 819
<u>Past Due:</u>				
31 - 60 Days	1 973 926	1 356 782	274 213	3 604 921
61 - 90 Days	1 421 538	747 756	124 318	2 293 612
+ 90 Days	19 179 814	2 887 334	1 014 087	23 081 235
Sub-total	24 798 611	9 880 683	1 645 293	36 324 587
Less: Provision for Impairment	17 195 386	2 145 018	880 443	20 220 847
Total Trade Receivables by Customer Classification	7 603 225	7 735 665	764 850	16 103 740

	2014 R	2013 R
4.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	20 220 847	14 474 141
Impairment Losses recognised	7 218 893	6 579 138
Amounts written off as uncollectable	(2 830 514)	(832 432)
Balance at end of year	24 609 226	20 220 847

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Consumer Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

4.4 Ageing of impaired Receivables from Exchange Transactions

<u>Current:</u>		
0 - 30 Days	34 707	31 537
<u>Past Due:</u>		
31 - 60 Days	53 806	8 938
61 - 90 Days	81 165	8 200
+ 90 Days	24 439 546	20 172 172
Total	24 609 224	20 220 847

4.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R	
5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2014			
Assessment Rates Debtors	12 625 942	8 813 904	3 812 038
Payments Made In Advance	-	-	-
Sundry Deposits	2 623 841	-	2 623 841
Suspense Accounts	1 401 532	-	1 401 532
Total Receivables from Non-exchange Transactions	16 651 315	8 813 904	7 837 411
	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2013			
Assessment Rates Debtors	10 826 698	7 155 732	3 670 966
Payments Made In Advance	-	-	-
Sale of Stands	5 114 700	-	5 114 700
Sundry Deposits	2 410 037	-	2 410 037
Suspense Accounts	2 777 424	-	2 777 424
Total Receivables from Non-exchange Transactions	21 128 859	7 155 732	13 973 127

Receivables from Non-exchange Transactions have been restated to account for corrections of prior year balances. Refer to Note 44 on "Correction of Error" for details of the restatement.

Sundry Deposits are in respect of cash deposits made to Eskom for the supply of electricity.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2014

	Current 0 - 30 days	Past Due			Total
		<i>31 - 60 Days</i>	<i>61 - 90 Days</i>	<i>+ 90 Days</i>	
Assessment Rates:					
Gross Balances	2 143 602	634 941	462 476	9 384 923	12 625 942
Less: Provision for Impairment	9 167	5 175	6 021	8 793 542	8 813 904
Net Balances	2 134 436	629 767	456 455	591 381	3 812 038
Payments made in Advance:					
Gross Balances	-				-
Less: Provision for Impairment					-
Net Balances	-	-	-	-	-
Sundry Deposits:					
Gross Balances	2 623 841	-	-	-	2 623 841
Less: Provision for Impairment	-	-	-	-	-
Net Balances	2 623 841	-	-	-	2 623 841

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

				2014 R	2013 R
Suspense Accounts:					
Gross Balances	1 401 532	-	-	-	1 401 532
Less: Provision for Impairment	-	-	-	-	-
Net Balances	1 401 532	-	-	-	1 401 532

As at 30 June Receivables of R1 677 603 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:				
Gross Balances	634 941	462 476	9 384 923	10 482 340
Less: Provision for Impairment	5 175	6 021	8 793 542	8 804 737
Net Balances	629 767	456 455	591 381	1 677 603

As at 30 June 2013

Current	Past Due			Total
0 - 30 days	31 - 60 Days	61 - 90 Days	+ 90 Days	

Assessment Rates:				
Gross Balances	1 449 613	708 713	583 886	8 084 486
Less: Provision for Impairment	9 117	5 949	7 923	7 132 743
Net Balances	1 440 496	702 764	575 963	3 670 966

Payments made in Advance:				
Gross Balances	-	-	-	-
Less: Provision for Impairment	-	-	-	-
Net Balances	-	-	-	-

Sundry Deposits:				
Gross Balances	1 905 000	-	-	1 905 000
Less: Provision for Impairment	-	-	-	-
Net Balances	1 905 000	-	-	1 905 000

Sale of Stands:				
Gross Balances	5 114 700	-	-	5 114 700
Less: Provision for Impairment	-	-	-	-
Net Balances	5 114 700	-	-	5 114 700

Suspense Accounts:				
Gross Balances	2 424 379	-	-	2 424 379
Less: Provision for Impairment	-	-	-	-
Net Balances	2 424 379	-	-	2 424 379

As at 30 June Receivables of R2 230 470 were past due but not impaired. The age analysis of these Receivables are as follows:

Past Due			Total
31 - 60 Days	61 - 90 Days	+ 90 Days	

All Receivables:				
Gross Balances	708 713	583 886	8 084 486	9 377 085
Less: Provision for Impairment	5 949	7 923	7 132 743	7 146 615
Net Balances	702 764	575 963	951 743	2 230 470

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

			2014 R	2013 R
5.2 Summary of Assessment Rates Debtors by Customer Classification				
	Household R	Industrial/ Commercial R	National and Provincial Government R	Total R
As at 30 June 2014				
<u>Current:</u>				
0 - 30 days	925 476	1 195 254	22 872	2 143 602
<u>Past Due:</u>				
31 - 60 Days	381 233	235 145	18 562	634 941
61 - 90 Days	248 407	196 061	18 008	462 476
+ 90 Days	3 552 395	5 571 338	261 191	9 384 923
Sub-total	5 107 511	7 197 798	320 633	12 625 942
Less: Provision for Impairment	3 272 181	5 311 314	230 409	8 813 904
Total Rates Debtors by Customer Classification	1 835 330	1 886 484	90 224	3 812 038
	Household R	Industrial/ Commercial R	National and Provincial Government R	Total R
As at 30 June 2013				
<u>Current:</u>				
0 - 30 days	764 707	1 060 065	18 492	1 843 264
<u>Past Due:</u>				
31 - 60 Days	357 448	334 734	16 531	708 713
61 - 90 Days	332 210	235 408	16 267	583 885
+ 90 Days	2 689 839	4 897 507	103 490	7 690 836
Sub-total	4 144 204	6 527 714	154 780	10 826 698
Less: Provision for Impairment	2 811 709	4 254 184	89 839	7 155 732
Total Rates Debtors by Customer Classification	1 332 495	2 273 530	64 941	3 670 966
			2014 R	2013 R

5.3 Reconciliation of Provision for Impairment

Balance at beginning of year	7 155 732	6 934 392
Impairment Losses recognised	1 698 665	238 140
Amounts written off as uncollectable	(40 493)	(16 799)
Balance at end of year	8 813 904	7 155 732

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
6. VAT RECEIVABLE		
Vat Receivable	<u>8 286 619</u>	<u>2 852 473</u>

VAT Receivable has been restated to account for VAT on expenditure previously not accrued for at year-end and correction of VAT on sale of land in 2013 as well as a corrections of prior year receivables & payables' balances. Refer to Note 44 on "Correction of Error" for details of the restatement.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

7. CASH AND CASH EQUIVALENTS

Current Investments	10 114 003	2 498 624
Bank Overdraft	(30 159 496)	(22 912 836)
Cash and Cash Equivalents	1 800	1 800
Total Bank, Cash and Cash Equivalents	<u>(20 043 692)</u>	<u>(20 412 412)</u>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

Call Deposits	10 114 003	2 498 624
Total Current Investment Deposits	<u>10 114 003</u>	<u>2 498 624</u>

Call Deposits are investments with a maturity period of less than 3 months and earn interest at rates varying from 1% to 3.9% per annum.

Deposits of R 4 356 908 (2013: R 1 221 349) are ring-fenced and attributable to Unspent Conditional Grants.

7.2 Bank Accounts

Bank Overdraft	(30 159 496)	(22 912 836)
Total Bank Accounts	<u>(30 159 496)</u>	<u>(22 912 836)</u>

The Municipality has the following bank account:

Primary Bank Account

FIRST NATIONAL BANK - Account Number 53668 006 069:

Cash book balance at beginning of year	(22 912 836)	(13 413 546)
Cash book balance at end of year	<u>(30 159 496)</u>	<u>(22 912 836)</u>
Bank statement balance at beginning of year	11 547 734	792 432
Bank statement balance at end of year	<u>7 401 891</u>	<u>11 547 734</u>

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
7.3 Cash and Cash Equivalents		
Cash Floats and Advances	1 800	1 800
Total Cash on hand in Cash Floats, Advances and Equivalents	1 800	1 800

The **prior year amount** for Cash and cash equivalents has been restated to account for cancelled cheques and interest received on the Housing investment account not previously accrued for at year-end. Refer to Note 44 on "Correction of Error" for details of the restatement.

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

The management of the municipality is of the opinion that the carrying value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Current Investment Deposits, Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

8. OPERATING LEASE RECEIVABLES

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	129 045	119 453
Operating Lease Revenue recorded	261 126	266 982
Operating Lease Revenue effected	(273 217)	(257 390)
Total Operating Lease Receivables	116 954	129 045

Operating Lease Receivables have been restated to correctly disclose the amount for Operating Lease Receivables in terms of the Lease Register, contracts not previously recognised. Refer to Note 44 on "Correction of Error" for details of the restatement.

8.1 Leasing Arrangements

The Municipality as Lessor:

Operating Leases relate to Property owned by the municipality with lease terms of between 1 to 15 (2013: 1 to 15) years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

8.2 Amounts receivable under Operating Leases

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	252 941	292 711
2 to 5 years	476 166	656 152
More than 5 years	146 072	219 028
Total Operating Lease Arrangements	875 180	1 167 890

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an decrease of R12 091 (2013: increase of R9 592) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

7.3 Contingent Rentals

Properties have been leased to external parties during the year under review on a month to month basis or for indefinite periods. These rentals are classified as contingent rentals due to uncertain lease periods and uncertain tariff increases. The operating lease payments are therefore not subject to straight-lining. Due to the uncertainties above, it is impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP 13.

Up to 1 year
 2 to 5 years
 More than 5 years

GAMAGARA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2014

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2013	113 274 419	623 148 315	82 980 927	17 489 914	836 893 575
Cost	131 803 438	1 204 903 720	122 357 363	22 977 974	1 482 042 496
- Completed Assets	129 230 845	1 158 900 810	115 650 256	22 977 974	1 426 759 885
- Under Construction	2 572 593	46 002 910	6 707 107	-	55 282 610
Accumulated Depreciation:	(18 529 020)	(581 755 404)	(39 376 436)	(5 488 060)	(645 148 920)
- Cost	(18 529 020)	(581 755 404)	(39 376 436)	(5 488 060)	(645 148 920)
Acquisitions	25 071	741 457	-	1 114 756	1 881 283
Borrowing Costs Capitalised	-	-	-	-	-
Capital under Construction - Additions:	3 062 057	93 180 173	3 903 317	-	100 145 546
- Cost	3 062 057	93 180 173	3 903 317	-	100 145 546
Depreciation:	(4 163 302)	(41 132 515)	(6 624 930)	(2 467 861)	(54 388 609)
- Based on Cost	(4 163 302)	(41 132 515)	(6 624 930)	(2 467 861)	(54 388 609)
Carrying value of Disposals:	-	-	-	(525 392)	(525 392)
- Cost	-	-	-	(1 092 025)	(1 092 025)
- Accumulated Depreciation	-	-	-	566 632	566 632
Impairment Losses	-	-	-	(340 433)	(340 433)
Capital under Construction - Completed	(1 149 740)	(27 574 021)	(1 257 194)	-	(29 980 955)
Other Movements	1 149 740	27 574 021	1 257 194	-	29 980 955
Carrying values at 30 June 2014	112 198 244	675 937 429	80 259 314	15 270 984	883 665 970
Cost	134 890 566	1 298 825 349	126 260 680	23 000 705	1 582 977 300
- Completed Assets	130 405 656	1 187 216 288	116 907 449	23 000 705	1 457 530 098
- Under Construction	4 484 910	111 609 061	9 353 231	-	125 447 202
Accumulated Impairment Losses	-	-	-	(340 433)	(340 433)
Accumulated Depreciation:	(22 692 322)	(622 887 920)	(46 001 366)	(7 389 289)	(698 970 897)
- Cost	(22 692 322)	(622 887 920)	(46 001 366)	(7 389 289)	(698 970 897)
- Revaluation	-	-	-	-	-

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2013

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2012	113 044 994	610 564 202	80 753 380	16 163 799	820 526 375
Cost	127 466 142	1 152 839 281	113 561 661	19 340 072	1 413 207 155
- Completed Assets	127 172 267	1 126 587 641	113 002 703	19 340 072	1 386 102 684
- Under Construction	293 875	26 251 639	558 958	-	27 104 472
Accumulated Depreciation:	(14 421 147)	(542 275 079)	(32 808 281)	(3 176 273)	(592 680 780)
- Cost	(14 421 147)	(542 275 079)	(32 808 281)	(3 176 273)	(592 680 780)
Acquisitions	328 000	8 126 845	43 800	3 637 902	12 136 547
Capital under Construction - Additions:	4 519 297	43 937 594	8 751 902	-	57 208 793
- Cost	4 519 297	43 937 594	8 751 902	-	57 208 793
Depreciation:	(4 107 872)	(39 480 325)	(6 568 155)	(2 311 787)	(52 468 140)
- Based on Cost	(4 107 872)	(39 480 325)	(6 568 155)	(2 311 787)	(52 468 140)
Carrying value of Disposals:	(510 000)	-	-	-	(510 000)
- Cost	(510 000)	-	-	-	(510 000)
Capital under Construction - Completed	(2 240 578)	(24 186 324)	(2 603 752)	-	(29 030 654)
Other Movements	2 240 579	24 186 324	2 603 752	-	29 030 655
Carrying values at 30 June 2013	113 274 419	623 148 315	82 980 927	17 489 914	836 893 575
Cost	131 803 438	1 204 903 720	122 357 363	22 977 974	1 482 042 496
- Completed Assets	129 230 845	1 158 900 810	115 650 256	22 977 974	1 426 759 885
- Under Construction	2 572 593	46 002 910	6 707 107	-	55 282 610
Accumulated Depreciation:	(18 529 020)	(581 755 404)	(39 376 436)	(5 488 060)	(645 148 920)
- Cost	(18 529 020)	(581 755 404)	(39 376 436)	(5 488 060)	(645 148 920)

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

The opening balance of Property, Plant and Equipment has been restated with regards to corrections made to the new Asset Register that was implemented as at 30 June 2013. Refer to Note 44 on "Correction of Error" for details of the restatement.

Also refer to Appendices "B" for more detail on Property, Plant and Equipment.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
9 PROPERTY, PLANT AND EQUIPMENT (Continued)		
9.1 Assets pledged as security		
The municipality did not pledge any of its assets as security.		
9.2 Impairment of Property, Plant and Equipment		
Impairment Losses on Property, Plant and Equipment to the amount of R340 433 (2013: R0) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 35.		
	340 433	-
9.3 Land and Buildings carried at Fair Value		
The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.		
8.1 Calculation of Cash Flow:		
Acquisitions	(1 881 283)	(12 136 547)
Capital under construction - Additions	(100 145 546)	(57 208 793)
Capital under construction - Completed	-	29 030 654
Other movements	-	(29 030 655)
Total outflow	(102 026 829)	(69 345 340)

10 INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses

1 133 385	1 186 853
------------------	------------------

The movement in Intangible Assets is reconciled as follows:

	Computer Software	Total
Carrying values at 01 July 2013	1 186 853	1 186 853
Cost	1 575 985	1 575 985
Work-in-Progress	-	-
Accumulated Amortisation	(389 132)	(389 132)
Acquisitions:		
Purchased	278 338	278 338
Amortisation:		
Purchased	(331 806)	(331 806)
Carrying values at 30 June 2014	1 133 385	1 133 385
Cost	1 854 323	1 854 323
Work-in-Progress	-	-
Accumulated Amortisation	(720 938)	(720 938)
Carrying values at 01 July 2012	1 023 536	1 023 536
Cost	1 146 795	1 146 795
Work-in-Progress	-	-
Accumulated Amortisation	(123 259)	(123 259)
Acquisitions:		
Purchased	429 190	429 190
Work-in-Progress	-	-
Amortisation:		
Purchased	(265 873)	(265 873)
Carrying values at 30 June 2013	1 186 853	1 186 853
Cost	1 575 985	1 575 985
Work-in-Progress	-	-
Accumulated Amortisation	(389 132)	(389 132)

The opening balance of Intangible Assets has been restated with regards to corrections made to the new Asset Register that was implemented as at 30 June 2013. Refer to Note 44 on "Correction of Error" for details of the restatement.

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 34).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

There are no contractual obligations on Intangible Assets.

Refer to Appendix "B" for more detail on Intangible Assets.

10.1 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
11 INVESTMENT PROPERTY		
At fair value	<u>162 966 596</u>	<u>164 153 596</u>
The movement in Investment Property is reconciled as follows:		
Fair value as at 1 July	164 153 596	161 906 596
Acquisitions during the Year	-	2 247 000
Transferred to Non-current Assets Held for Sale	(1 187 000)	-
Fair value at 30 June	<u><u>162 966 596</u></u>	<u><u>164 153 596</u></u>

The opening balance of Investment Property has been restated with regards to corrections made to the new Asset Register that was implemented as at 30 June 2013. Refer to Note 44 on "Correction of Error" for details of the restatement.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

12 CONSUMER DEPOSITS

Electricity and Water	4 639 486	4 091 749
Total Consumer Deposits	<u><u>4 639 486</u></u>	<u><u>4 091 749</u></u>
Guarantees held in lieu of Electricity and Water Deposits	<u><u>20 000</u></u>	<u><u>20 000</u></u>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
13 PROVISIONS		
Performance Bonuses	507 599	115 202
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 18)	645 972	530 856
Current Portion of Long-term Service Liability (See Note 18)	432 495	331 526
Total Provisions	1 586 066	977 584
Performance Bonuses accrue to all section 57 employees on an annual basis, subject to certain conditions. The provision has been reversed for the previous year as no performance management system was in place resulting that no bonuses were accrued at the reporting date.		
The movement in provisions are reconciled as follows:		
Current Provisions:		
Performance Bonuses:		
Balance at beginning of year	115 202	168 523
Contributions to provision	392 398	(53 322)
Balance at end of year	507 599	115 202
Current Portion of Non-Current Provisions:		
	Long-term Service awards R	Post-retirement Medical Aid R
30 June 2014		
Balance at beginning of year	331 526	530 856
Contributions to provision	100 969	115 116
Balance at end of year	432 495	645 972
	Long-term Service awards R	Post-retirement Medical Aid R
30 June 2013		
Balance at beginning of year	451 570	490 272
Contributions to provision	(120 044)	40 584
Balance at end of year	331 526	530 856
	2014 R	2013 R
14 PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Creditors	356 651	1 136 252
Total Payables	356 651	1 136 252

Payables from Exchange Transactions have been restated to account for expenses not accrued for previously. Refer to Note 44 on "Correction of Error" for details of the restatement.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
15 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Payments Received In Advance	3 850 393	2 208 012
Staff Leave	4 547 806	3 667 777
Sundry Deposits	2 087 511	1 206 383
Suspense Accounts	3 484 424	3 450 105
Total Payables	13 970 134	10 532 277

Payables from Non-exchange Transactions have been restated to account for expenses not accrued for previously. Refer to Note 44 on "Correction of Error" for details of the restatement.

Staff Leave accrues to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

16 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

16.1 Conditional Grants from Government

National Government Grants	-	-
Provincial Government Grants	1 217 129	1 221 349
Total Conditional Grants and Receipts	1 217 129	1 221 349

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 25 for the reconciliation of Grants from Government and Note 26 for the reconciliation of Other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

17 LONG-TERM LIABILITIES

Annuity Loans	33 660 584	37 672 580
Sub-total	33 660 584	37 672 580
Less: Current Portion transferred to Current Liabilities:-	4 422 609	4 011 996
Annuity Loans	4 422 609	4 011 996
Total Long-term Liabilities (Neither past due, nor impaired)	29 237 975	33 660 584

16.1 Calculation of Cash Flow:

Opening Balance of Long-term Liabilities	(33 660 584)	(37 672 580)
Closing Balance of Long-term Liabilities	29 237 975	33 660 584
Opening Balance of current portion of Long-term Liabilities	(4 011 996)	(3 754 155)
Closing Balance of current portion of Long-term Liabilities	4 422 609	4 011 996
Cash flow movement	(4 011 996)	(3 754 155)

Annuity Loans are repaid over periods varying from 1 to 7 (2013: 2 to 8) years and at interest rates varying from 8,63% to 11,06% (2013: 8,63% to 11,06%) per annum. Annuity Loans are not secured.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

17.1 Breach of Loan Agreement

The municipality did not default on any payment of its Long-term Liabilities. No terms for payment have been re-negotiated by the municipality.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
18 EMPLOYEE BENEFIT LIABILITIES		
Post-retirement Health Care Benefits Liability	29 065 776	21 761 328
Long Service Awards Liability	3 975 455	3 780 798
Total Employee Benefit Liabilities	33 041 231	25 542 126
18.1 Post-retirement Health Care Benefits Liability		
Balance at beginning of Year	22 292 184	18 058 135
Current service cost	1 330 947	964 909
Increase due to Discounting	1 993 705	1 422 330
Actuarial gains & losses & benefits paid	4 094 912	1 846 810
Balance at end of Year	29 711 748	22 292 184
Current Portion	(645 972)	(530 856)
Total Post-retirement Health Care Benefits Liability	29 065 776	21 761 328
<p>The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.</p> <p>The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.</p> <p>The members of the Post-employment Health Care Benefit Plan are made up as follows:</p>		
In-service Members (Employees)	254	211
Continuation Members (Retirees, widowers and orphans)	16	16
Total Members	270	227
<p>The liability in respect of past service has been estimated as follows:</p>		
In-service Members	20 323 009	14 931 425
Continuation Members	9 388 739	7 360 759
Total Liability	29 711 748	22 292 184
<p>The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:</p> <ul style="list-style-type: none"> - Bonitas - Keyhealth - LA Health - Samwumed <p>The Current-service Cost for the year ending 30 June 2014 is estimated to be R1 330 947, whereas the cost for the ensuing year is estimated to be R 1,745,269 (30 June 2013: R964 909 and R1 330 947 respectively).</p> <p>The principal assumptions used for the purposes of the actuarial valuations were as follows:</p>		
Discount Rate	9.18%	9.05%
Health Care Cost Inflation Rate	8.33%	7.83%
Net Effective Discount Rate	0.79%	1.13%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Mortality tables	SA 85 - 90	SA 85 - 90
Mortality tables post-retirement	PA(90) - 1	PA(90) - 1
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	22 292 184	18 058 135
Current service costs	1 330 947	964 909
Interest cost	1 993 705	1 422 330
Benefits paid	(530 856)	(490 272)
Actuarial losses / (gains)	4 625 768	2 337 082
Total Recognised Benefit Liability	29 711 748	22 292 184
<p>The amounts recognised in the Statement of Financial Position are as follows:</p>		
Present value of fund obligations	29 711 748	22 292 184
Total Benefit Liability	29 711 748	22 292 184
<p>The amounts recognised in the Statement of Financial Performance are as follows:</p>		
Current service cost	1 330 947	964 909
Interest cost	1 993 705	1 422 330
Actuarial losses / (gains)	4 625 768	2 337 082
Less: Benefits paid	(530 856)	(490 272)
Total Post-retirement Benefit included in Employee Related Costs (Note 32)	7 419 564	4 234 049

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
The history of experienced adjustments is as follows:		
	2014 R'000	2013 R'000
Present Value of Defined Benefit Obligation	29 712	22 292
Fair Value of Plan Assets	-	-
Deficit	29 712	22 292

	2014 R	2013 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	4 022 500	2 892 300
Effect on the defined benefit obligation	35 276 000	26 424 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	2 778 200	1 992 600
Effect on the defined benefit obligation	25 273 000	18 997 000

Refer to Note 51, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

18.2 Long Service Awards Liability

Balance at beginning of year	4 112 324	3 530 447
Contributions to provision	(98 173)	331 524
Increase due to discounting	286 968	212 103
Current Service Cost & benefits paid	106 831	38 250
Balance at end of Year	4 407 950	4 112 324
Current Portion	(432 495)	(331 526)
Total Long Service Awards Liability	3 975 455	3 780 798

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Mr C. Weiss. Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 363 (2013: 363) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2014 is estimated to be R 438,357, whereas the cost for the ensuing year is estimated to be R 450,920 (30 June 2013: R 489,820 and R 438,357 respectively).

	2014 R	2013 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	7.98%	7.27%
General Salary Inflation	7.24%	6.81%
Net Effective Discount Rate	0.69%	0.43%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
Mortality tables during employment	SA 85 - 90	SA 85 - 90
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	4 112 324	3 530 447
Current service costs	438 357	489 820
Interest cost	286 968	212 103
Benefits paid	(331 526)	(451 570)
Actuarial losses / (gains)	(98 173)	331 524
Total Recognised Benefit Liability	4 407 950	4 112 324
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	4 407 950	4 112 324
Total Benefit Liability	4 407 950	4 112 324

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	438 357	489 820
Interest cost	286 968	212 103
Actuarial losses / (gains)	(98 173)	331 524
Less benefits paid	(331 526)	(451 570)
Total Post-retirement Benefit included in Employee Related Costs (Note 32)	295 626	581 877

The history of experienced adjustments is as follows:

	2014 R	2013 R	2012 R	2011 R	2010 R
Present Value of Defined Benefit Obligation	4 407 950	4 112 324	3 530 447	2 909 523	2 348 687
Fair Value of Plan Assets	-	-	-	-	-
Deficit	4 407 950	4 112 324	3 530 447	2 909 523	2 348 687

	2014 R	2013 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	785 200	748 700
Effect on the defined benefit obligation	4 705 000	4 381 000
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	672 100	660 500
Effect on the defined benefit obligation	4 140 000	3 870 000

19 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Land-fill Sites	4 092 456	3 764 035
Total Non-current Provisions	4 092 456	3 764 035
The movement in the Provision for Rehabilitation of Land-fill Sites is reconciled as follows:		
Balance at beginning of year	3 764 035	2 672 608
Contributions to provision	328 421	1 091 427
	4 092 456	3 764 035
Transfer to current provisions	-	-
Balance at end of year	4 092 456	3 764 035

19.1 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R 2,684,002 (Debeng landfill site) and R 6,027,902 (Olifantshoek landfill site) to restore the sites at the end of their useful lives. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

20 ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Accumulated Surplus / (Deficit) due to the results of Operations	975 106 213	930 252 330
Total Accumulated Surplus	975 106 213	930 252 330

Accumulated Surplus has been restated. Refer to Notes 43 and 44 on "Change in Accounting Policy" and "Correction of Errors" for details of the restatements.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
21 PROPERTY RATES		
	Property Valuations	
	July 2014	July 2013
	R	R
Residential Properties	2 265 336 303	2 046 140 168
Industrial Properties	56 311 633	42 293 359
Business Properties	180 517 507	118 624 108
Agriculture Properties	271 888 800	271 893 500
Municipal Farms	4 436 900	4 257 000
State owned Properties	41 062 989	41 062 989
Municipal Properties	303 669 644	301 653 144
Public Service Infrastructure	1 779 070	1 430 070
Public Benefit Organisations	2 075 460	1 983 085
Churches	28 170 768	27 945 568
Education	33 691 720	33 691 720
Mining Properties	67 128 700	67 128 900
Guest House	46 678 754	21 861 754
Farms Face In	54 850 935	54 898 735
Small Holdings	11 837 500	11 676 900
PBO Sporting Bodies	9 590 300	9 590 300
Government Hospitals	655 000	655 000
Private Hospitals	2 942 000	2 942 000
Existing Farms - Without Dwellings	45 060 900	44 460 900
Farms Face In - Without Dwellings	43 007 100	43 012 400
Small Holdings - Without Dwellings	-	127 900
Total Property Rates	3 470 691 983	3 147 329 500
Actual Levies	23 623 405	19 928 044
21.1 Calculation of Cash Flow:		
Property Rates Income	23 623 405	19 928 043
Opening Balance of Debtors: Assessment Rates	10 826 698	8 970 401
Closing Balance of Debtors: Assessment Rates	(12 625 942)	(10 826 698)
Opening balance - Provision for doubtful debts	(7 155 732)	(6 934 392)
Closing balance - Provision for doubtful debts	8 813 904	7 155 732
Total Receipts for Property Rates	23 482 333	18 293 086
Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 01 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.		
A rate in the rand for domestic properties of R 0.007994 was charged on site values and a rate in the rand of R 0.007994 for improvements. Business were charged at a rate in the rand of R 0.015988 on site values and a rate in the rand of R 0.015988 for improvements.		
Properties used for domestic purposes and consisting of both land and improvements are subject to a R 15 000.00 valuation reduction. There are also different rebates and phased in tariffs for different sectors		
Rates are levied monthly on property owners and are payable the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.		
22 FINES		
General	91 953	106 995
Traffic	683 250	260 356
Impounding	-	842
Total Fines	775 204	368 193
23 LICENCES AND PERMITS		
Drivers Licenses	1 051 307	845 479
Other General	3 782	2 419
Total Licences and Permits	1 055 089	847 899
24 INCOME FROM AGENCY SERVICES		
Motor Licences	2 475 622	2 036 111
Total Income from Agency Services	2 475 622	2 036 111

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
25 GOVERNMENT GRANTS AND SUBSIDIES		
National Equitable Share	21 203 000	20 705 000
Other Subsidies - SETA	163 227	238 765
Operational Grants	<u>21 366 227</u>	<u>20 943 765</u>
Conditional Grants	<u>34 018 221</u>	<u>47 413 663</u>
National: Finance Management Grant (FMG)	1 550 000	1 500 000
National: Municipal Infrastructure Grant (MIG)	11 023 000	10 697 000
National: Municipal Systems Improvement Grant (MSIG)	890 000	800 000
National: Department of Minerals & Energy (INEP)	6 400 000	1 900 000
Provincial: Department of Local Government and Housing	5 415 981	12 861 904
Provincial: Department of Culture & Arts - Sport	-	1 334 367
Provincial: Department of Public Works: Epwp Program	1 000 000	1 000 000
Provincial: Department of Water Affairs & Forestry	7 489 743	16 895 849
Provincial: Library	249 496	424 544
Total Government Grants and Subsidies	<u><u>55 384 448</u></u>	<u><u>68 357 428</u></u>

25.1 Calculation of Cash Flow:

Government Grants and Subsidies Income	55 384 448	68 357 428
Opening Balance of Unspent Government Grants	(1 221 349)	(3 412 149)
Closing Balance of Unspent Government Grants	1 217 129	1 221 349
Total Receipts for Government Grants and Subsidies	<u><u>55 380 228</u></u>	<u><u>66 166 629</u></u>

The prior year amount for Government Grants & Subsidies Received has been restated to correctly disclose the grant revenue received from the National department of Minerals & Energy (INEP) and the correction of Operational grants - Other subsidies received from SETA in the 2012/13 Financial year. Refer to Note 44 on "Correction of Error" for details of the restatement.

Operational Grants:

25.2 National: Equitable Share	<u><u>21 203 000</u></u>	<u><u>20 705 000</u></u>
---------------------------------------	--------------------------	--------------------------

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R 268.09 (2013: R166), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council.

All residential houses receive 6kl water, 9 kl water for sewer and 50 kwh electricity (indigents only) free every month. No funds have been withheld.

Conditional Grants:

25.3 National: Finance Management Grant (FMG)

Balance unspent at beginning of year	-	-
Current year receipts	1 550 000	1 500 000
Conditions met - transferred to Revenue: Operating Expenses	(1 550 000)	(1 500 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

25.4 National: MIG Funds

Balance unspent at beginning of year	-	-
Current year receipts	11 023 000	10 697 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(11 023 000)	(10 697 000)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, basic sewerage and water infrastructure as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

25.5 National: Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	-	-
Current year receipts	890 000	800 000
Conditions met - transferred to Revenue: Operating Expenses	(890 000)	(800 000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
25.6 National: Department of Minerals & Energy (INEP)		
Balance unspent at beginning of year	-	-
Current year receipts	6 400 000	1 900 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(6 400 000)	(1 900 000)
Other Adjustments/Refunds	-	-
Conditions still to be met - transferred to Liabilities (see Note 16)	-	-
	<u>0</u>	<u>0</u>

The grant was allocated for the upgrading of poor households, micro enterprises and social institutions to provide for new, rehabilitation and upgrading of municipal infrastructure.

25.7 Provincial: Department of Local Government & Housing

Balance unspent at beginning of year	1 122 683	887 793
Current year receipts	4 293 299	13 096 793
Conditions met - transferred to Revenue: Operating Expenses	(4 796 553)	(12 861 904)
Conditions met - transferred to Revenue: Capital Expenses	(619 428)	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>0</u>	<u>1 122 683</u>

The grant was allocated to the municipality for the construction of RDP houses in Sesheng (490 houses) and Olifantshoek (200 houses) as well as 200 rental units in Kathu.

25.8 Provincial: Department of Culture and Arts

Balance unspent at beginning of year	0	1 334 367
Current year receipts	-	-
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	-	(1 334 367)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>0</u>	<u>0</u>

This grant was allocated to the municipality for the construction of a library and multi purpose centre. No funds have been withheld.

25.9 Provincial: Expanded Public Works Program

Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to Revenue: Operating Expenses	-	-
Conditions met - transferred to Revenue: Capital Expenses	(1 000 000)	(1 000 000)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>-</u>	<u>-</u>

This grant was allocated to the municipality for the upgarding of roads within the municipal area. No funds have been withheld.

25.10 Provincial: Department of Water Affairs & Forestry

Balance unspent at beginning of year	-	1 131 778
Current year receipts	8 362 703	15 764 070
Conditions met - transferred to Revenue: Operating Expenses	(165 946)	(1 131 778)
Conditions met - transferred to Revenue: Capital Expenses	(7 323 797)	(15 764 070)
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>872 959</u>	<u>-</u>

This grant was allocated to the municipality for the upgarding of municipal water infrastructure assets. No funds have been withheld.

25.11 Provincial: Library

Balance unspent at beginning of year	98 666	58 210
Current year receipts	495 000	465 000
Conditions met - transferred to Revenue: Operating Expenses	(224 735)	(424 544)
Conditions met - transferred to Revenue: Capital Expenses	(24 761)	-
Conditions still to be met - transferred to Liabilities (see Note 16)	<u>344 170</u>	<u>98 666</u>

This grant was allocated to the municipality for community projects. No funds have been withheld.

25.12 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2014), government grant funding is expected to increase over the forthcoming three financial years.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
26 PUBLIC CONTRIBUTIONS AND DONATIONS		
Public Contributions and Donations	31 189 640	22 418 867
Burk Mining	-	12 850
Assmang Mining	10 759 290	6 980 843
Kumba Iron Ore	20 430 351	14 138 993
Kumba Social Labour Plan	-	51 736
Other	-	89 965
Khumani Mining	-	1 144 480
Total Public Contributions and Donations	31 189 640	22 418 867
26.1 Calculation of Cash Flow:		
Public Contributions and Donations Income	31 189 640	22 418 867
Opening Balance of Unspent Public Grants	(0)	(0)
Closing Balance of Unspent Public Grants	0	0
Total Receipts for Public Contributions and Donations	31 189 640	22 418 867
27 SERVICE CHARGES		
Sale of Electricity	89 820 749	71 535 132
Sale of Water	46 002 692	28 713 179
Refuse Removal	13 700 091	11 495 872
Sewerage and Sanitation Charges	11 435 048	10 268 840
Other Service Charges	48 689 782	24 398 237
Total Service Charges	209 648 362	146 411 260
27.1 Calculation of Cash Flow:		
Service Charges Income	209 648 362	146 411 259
Opening Balance of Debtors: Service Charges	36 324 587	26 646 774
Closing Balance of Debtors: Service Charges	(46 539 605)	(36 324 587)
Opening balance - Provision for doubtful debts	(20 220 847)	(14 474 141)
Closing balance - Provision for doubtful debts	24 609 226	20 220 847
Total Receipts for Service Charges	203 821 723	142 480 153
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
28 RENTAL OF FACILITIES AND EQUIPMENT		
Rental Revenue from Amenities	36 908	1 149 684
Rental Revenue from Land	451 213	164 612
Rental Revenue from Other Facilities	141 708	422 668
Total Rental of Facilities and Equipment	629 829	1 736 965
<i>Rental of Facilities and Equipment</i> has been restated to account for rental income on the straight-line basis as per the requirements of GRAP 13. Refer to Note 44 on "Correction of Error" for details of the restatement.		
Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.		
29 INTEREST EARNED		
External Investments:		
Bank account & Call investment deposits	306 695	120 461
Eskom Deposits	138 899	-
Other Deposits	482	25 027
Total Interest Earned	446 076	145 488
29.1 Calculation of Cash Flow:		
External Interest Income	446 076	145 488
Opening Balance of Accrued Interest	-	-
Closing Balance of Accrued Interest	-	-
Total Receipts for Interest Received	446 076	145 488
(133 610.32)		
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Financial Assets at Amortised Cost	446 076	145 488
	446 076	145 488

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
30 OTHER REVENUE		
Cemetery Fees	22 180	15 926
Collection Charges	40 993	38 564
Connection Fees	358 105	729 716
Entrance Fees	108 316	178 680
Insurance Claim	3 634 580	351 704
Photocopies	13 540	19 635
Refuse Removal Fee	8 122	17 090
Sundry Revenue	1 116 728	1 380 802
Tender Documents	48 337	28 830
Valuation Roll Fee	33 290	38 014
Various Sales	594 890	539 392
Total Other Revenue	5 979 080	3 338 352

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 21 to 29, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

31 PROFIT ON SALE OF LAND

Proceeds on Sale of Land	-	2 993 348
Cost of Sale of Land	-	-
Total Profit on Sale of Land	-	2 993 348

32 EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	52 831 971	43 003 101
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	12 604 299	10 658 013
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	2 678 113	2 059 626
Housing Benefits and Allowances	1 100 696	964 466
Overtime Payments	6 613 821	5 986 495
Performance Bonuses	392 398	-
Defined Benefit Plan Expenses (refer to note 18.1 & 18.2)	7 715 190	4 815 926
Total Employee Related Costs	83 936 489	67 487 627

31.1 Calculation of Cash Flow:

Employee related cost	(83 936 489)	(67 487 627)
Opening Balance of Employee Benefit Liabilities - Non current	(25 542 126)	(20 646 740)
Closing Balance of Employee Benefit Liabilities - Non current	33 041 231	25 542 126
Opening Balance of Employee Benefit Liabilities - Current	(977 584)	(1 110 365)
Closing Balance of Employee Benefit Liabilities - Current	1 586 066	977 584
Opening Balance of Provision for staff leave	(3 667 777)	(2 687 969)
Closing Balance of Provision for staff leave	4 547 806	3 667 777
Total outflow	(74 948 871)	(61 745 215)

No advances were made to employees.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager: - C Itumeleng

Annual Remuneration	898 124	838 733
Car and Other Allowances	267 275	251 789
Company Contributions to UIF, Medical and Pension Funds	10 978	10 406
Total	1 176 377	1 100 928

Remuneration of the Chief Financial Officer - NM Grond

Annual Remuneration	657 665	570 164
Car and Other Allowances	281 821	267 413
Company Contributions to UIF, Medical and Pension Funds	10 104	9 654
Total	949 590	847 232

The post was vacant as from 01 April 2013 to December 2013. An acting allowance was paid to Mr NM Grond for the period.

Remuneration of the Acting Director: Community Services - GN Loeto

Annual Remuneration	-	402 889
Car and Other Allowances	-	100 296
Company Contributions to UIF, Medical and Pension Funds	-	65 127
Total	-	568 312

The post was vacant until 28 February 2013 and Mr. GN Loeto was paid an acting allowance for the period 1 July 2012 to 28 February 2013.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Remuneration of the Director: Community Services - RC Apools		
Annual Remuneration	712 890	190 114
Car and Other Allowances	267 275	40 018
Company Contributions to UIF, Medical and Pension Funds	11 179	2 497
Total	991 344	232 628

The post was vacant until 28 February 2013 and Mr RC Apools was permanently employed in this position from 1 March 2013.

Remuneration of the Acting Director: Corporate Services - CM Phuti		
Annual Remuneration	120 390	484 149
Car and Other Allowances	33 414	133 727
Company Contributions to UIF, Medical and Pension Funds	22 916	86 076
Total	176 720	703 953

The post was vacant until 30 September 2013 and Mr. CM Phuti was paid an acting allowance for the period 1 July 2013 to 30 September 2013.

Remuneration of the Director: Corporate Services - L Seetile		
Annual Remuneration	609 058	-
Car and Other Allowances	14 457	-
Company Contributions to UIF, Medical and Pension Funds	7 562	-
Total	631 077	-

The post was vacant until 30 September 2013 and Mr L Seetile was permanently employed in this position from 1 October 2013.

Remuneration of the Director: Infrastructure - KN Ositang		
Annual Remuneration	664 678	506 428
Car and Other Allowances	268 863	135 636
Company Contributions to UIF, Medical and Pension Funds	39 214	45 398
Total	972 755	687 462

The post was vacant until 30 April 2013. An acting allowance was paid to Mr KN Ositang who was then permanently employed from 1 May 2013.

Remuneration of the Director: Strategic Services KJ Leserwane		
Annual Remuneration	609 058	-
Car and Other Allowances	12 857	-
Company Contributions to UIF, Medical and Pension Funds	7 601	-
Total	629 517	-

This is a new post created during the 2013/14 financial year and Mr KJ Leserwane was permanently employed in this position from 1 October 2013.

33 REMUNERATION OF COUNCILLORS

Councillors	1 755 601	1 543 989
Company Contributions to UIF, Medical and Pension Funds	269 010	284 502
Other Allowances (Cellular Phones, Housing, Transport, etc.)	612 641	539 446
Total Councillors' Remuneration	2 637 252	2 367 938

Remuneration of Councillors:

In-kind Benefits

The Councillor occupying the positions of the Mayor of the municipality serve in a full-time capacity. She is provided with office accommodation and secretarial support at the expense of the municipality in order to enable her to perform her official duties.

The Mayor has use of a Council owned vehicle for official duties.

34 DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	54 388 609	52 468 140
Amortisation: Intangible Assets	331 806	265 873
Total Depreciation and Amortisation	54 720 415	52 734 013

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
35 IMPAIRMENT LOSSES		
35.1 Impairment Losses on Fixed Assets		
Impairment Losses Recognised:	340 433	-
Property, Plant and Equipment	340 433	-
Intangible Assets	-	-
	340 433	-
35.2 Impairment Losses on Financial Assets		
Impairment Losses Recognised:	9 383 381	6 848 594
Other	465 822	31 317
Receivables from Exchange Transactions	7 218 893	6 579 138
Receivables from Non-exchange Transactions	1 698 665	238 140
	9 383 381	6 848 594
Total Impairment Losses	9 723 814	6 848 594
36 REPAIRS AND MAINTENANCE		
Land and Buildings	168 103	76 404
Infrastructure - Electricity	2 579 727	7 818 472
Infrastructure - Road Transport	530 594	52 610
Infrastructure - Other	3 624 890	3 771 473
Other Assets	3 882 458	3 580 917
Intangible Assets	-	12 298
Total Repairs and Maintenance	10 785 772	15 312 175
37 FINANCE COSTS		
Creditors Overdue	108 878	93 183
Finance Leases	-	1 630
Landfill Provision	328 421	1 091 427
Long-term Liabilities	3 546 250	4 048 034
Total Interest Paid on External Borrowings	3 983 550	5 234 273
38 BULK PURCHASES		
Electricity	71 758 817	61 449 395
Water	10 390 055	8 344 425
Total Bulk Purchases	82 148 872	69 793 820
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from Sedibeng Water.		
39 CONTRACTED SERVICES		
Commission Paid	2 050 905	1 668 091
Internal Audit Fee	-	52 818
Licences & Permits	162 427	160 424
Rentals Paid	568 726	406 863
Security Services	2 119 402	2 372 195
Total Contracted Services	4 901 459	4 660 391

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
40 GRANTS AND SUBSIDIES PAID		
Conditional Grants Paid (FMG, MSIG & Library grant)	2 658 216	2 680 602
Low Income Subsidy / Free Basic Services (Equitable share)	1 758 783	1 442 797
Other (RBIG)	165 946	86 400
Housing	4 796 554	8 853 593
Total Grants and Subsidies	9 379 499	13 063 392

Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.

41 GENERAL EXPENSES

Included in General Expenses are the following:

Advertisements	317 250	186 788
Audit Fees - External	2 623 254	2 213 200
Bank Charges	745 664	591 201
Books, Magazines & Publication	17 196	32 209
Call Centre	33 110	38 500
Cleaning Materials	46 138	37 876
Cleaning Services	69 890	66 680
Conferences & Seminars	38 082	117 676
Consultant Fees	1 059 419	2 727 543
Elec Pre-Paid Meter Issue	225 872	336 478
Entertainment	180 130	169 941
Fuel - Diesel / Petrol	3 296 128	2 705 908
Functions / Events	536 253	123 309
Impounding Of Animals	41 708	39 974
Insurance	1 069 703	1 027 560
It Expenses	68 335	81 360
Legal Costs	934 696	1 579 222
Membership Fees	729 675	512 131
Pms	345 125	243 775
Postages	158 642	111 169
Printing & Stationery	508 048	501 886
Protective Clothing	156 153	350 620
Safety Equipment	4 314	27 019
Special Programmes	163 713	249 049
Sports Council	23 006	144 740
Stock Adjustment	-	1 355 083
Stores & Materials	93 844	107 061
Subsistence & Travelling	2 710 124	2 808 994
Sundries	852 565	990 155
Telephone & Communication	1 250 540	902 538
Traffic /Road Signs	15 162	37 429
Training Levies	1 187 491	852 880
Valuation Roll (Msig)	1 898 325	181 084
Ward Comm Activities & Train	389 612	434 760
Youth Dev. Programmes	170 947	39 800
Interdepartmental Charges	1 650 242	2 171 545
Total General Expenses	23 610 358	24 097 141

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

42 LOSS ON WRITE-OFF OF PROPERTY, PLANT AND EQUIPMENT

Proceeds on Sale of Assets	-	-
Assets Disposed at Carrying Value	525 392	-
Total loss on write-off of property, plant and equipment	525 392	-

43 CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2013/14 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- GRAP 25 : Employee Benefits

GRAP 25 - Employee Benefits

Defined benefit liabilities for Post-employment Health Care Benefits and Long Service Allowances have been recognised in the Annual Financial Statements of the municipality as at 30 June 2012 in terms of GRAP 25. The full net liabilities have been recognised retrospectively in the Annual Financial Statements.

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2013 and the Accumulated Surplus of prior years was not affected either.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
44 CORRECTION OF ERROR		
Corrections were made during the previous financial years. Details of the corrections are described below:		
44.1 Reclassification of Accumulated Surplus		
The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.		
The effect of the changes are as follows:		
		Accumulated Surplus
Balances published as at 30 June 2012		999 021 421
Correction of Error:-		
Recognition of operating lease receivables as at 30 June 2012 (Refer to note 7)	119 453	
Correction of payables as at 30 June 2012	2 087 637	
Correction of receivables as at 30 June 2012	1 316 431	
Correction of VAT as at 30 June 2012	923 604	
Correction of receivables from non-exchange transactions - Interest received on Escom deposits	371 427	
Correction of receivables from non-exchange transactions - Rent receivable for antenna space	175 816	
Correction of payables as at 30 June 2012 - payments received in advance	1 279 537	
Correction of Property plant and equipment as at 30 June 2012	(230 701 655)	
Correction of Investment Property as at 30 June 2012	148 595 443	
Correction of Intangible Assets as at 30 June 2012	(52 984)	
		(75 885 291)
Restated Balances as at 30 June 2012		923 136 130
Surplus for the year ended 30 June 2013		7 116 200
Correction of Error:-		
Surplus for the year ended 30 June 2013 - Previously reported	11 775 274	
The effect of the Correction of Errors on revenue	(1 149 175)	
The effect of the Correction of Errors on Expenditure	(3 509 898)	
		930 252 330
Restated Balances as at 30 June 2013		930 252 330
		0.00

44.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2012/13 Revenue	Current Year 2012/13 Revenue	Restated Amount
Property Rates	20 320 910	19 928 044	392 866
Fines	368 193	368 193	(0)
Licences and Permits	847 899	847 899	0
Income for Agency Services	2 036 111	2 036 111	0
Government Grants and Subsidies Received	67 023 061	68 357 428	(1 334 367)
Public Contributions and Donations	22 418 867	22 418 867	0
Service Charges	147 474 096	146 411 260	1 062 836
Rental of Facilities and Equipment	1 594 220	1 736 965	(142 745)
Interest Earned - External Investments	136 800	145 488	(8 688)
Interest Earned - Escom deposits	-	133 610	(133 610)
Other Income	4 673 954	3 338 352	1 335 602
Profit on Sale of Land	2 970 628	2 993 348	(22 720)
	269 864 739	268 715 564	1 149 175

Prior year amounts of items in **Revenue** included in the Statement of Financial Performance have been restated as indicated below:

Government Grants and Subsidies Received:

The prior year amount for *Government Grants & Subsidies Received* has been restated to correctly disclose the grant revenue received from the National department of Minerals & Energy (INEP) and the correction of Operational grants - Other subsidies received from SETA in the 2012/13 Financial year.

	Balance previously reported	Restated Balance	Difference
Conditional grants:			
National Department of Minerals & Energy (INEP)	-	1 900 000	1 900 000
Operational grants:			
Other subsidies - SETA	804 398	238 765	(565 633)
			1 334 367

Other Income

The prior year amount for *Other income* - insurance claims has been restated to correctly disclose grant revenue received from the Provincial Department of Culture and Arts to the amount of R 1,334,367 which was incorrectly included in Other income - insurance claims in the 2012/13 financial year.

	Other income
Balance previously reported	4 673 954
Adjustment:	(1 335 602)
Correction with regards to monies refunded.	(1 235)
Correction of grant revenue incorrectly accounted for as other income insurance claims	(1 334 367)
Restated Balance now reported	3 338 352
	0

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

Rental of Facilities and Equipment:

The prior year amount for *Rental of Facilities & Equipment* has been restated to account for rental income on the straight-line basis as per the requirements of GRAP 13 as well as a correction of rent receivable as at 30 June 2013.

	Rental of Facilities
Balance previously reported	1 594 220
Adjustment:	142 745
Correction of rent receivables as at 30 June 2013	(720)
Debtor raised for Vodacom & MTN levies for antenna space	133 873
Adjustment for Operating Lease Receivables	9 592
Operating lease income recorded (due to straight lining)	266 982
Actual Operating lease income received	(257 390)
Restated Balance now reported	1 736 965

Interest Earned - External Investments

The prior year amount for *Interest earned - external investments* has been restated to account for interest receivable as at 30 June 2013 on the Housing investment account amounting to R 8,688.

Interest Earned - Escrow deposits

Interest earned on Escrow deposits has been accounted for and amounted to R 133,610.

Profit on Sale of Land

The prior year amount for *Profit on sale of land* has been restated to account for a correction of VAT to an amount of R 22,720.

Property Rates

Property rates for the year ended 30 June 2013 has been restated to account for the correction of debtors balances as a 30 June 2013 to an amount of R 392,866.

Service Charges

Service charges for the year ended 30 June 2013 has been restated to account for the correction of debtors balances as a 30 June 2013. An adjustment on pre-paid electricity sales was made to account for the unutilised portion of pre-paid electricity sales at year-end based on the average consumption history.

	Property Rates	Service charges
Balance previously reported	20 320 910	147 474 096
Corrections of prior year balances	(392 866)	(1 062 836)
- Service debtors - Assessment rates	(392 866)	-
- Service debtors - Water	-	(242 869)
- Service debtors - Refuse	-	(97 287)
- Service debtors - Sewerage & sanitation	-	(205)
- Service debtors - Electricity - Prepaid electricity sales	-	(722 476)
Restated Balance now reported	19 928 044	146 411 260

44.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

	Prior Year 2012/13 Expenditure	Current Year 2012/13 Expenditure	Restated Amount
Employee Related Costs	67 479 524	67 487 627	(8 103)
Remuneration of Councillors	2 367 938	2 367 938	0
Collection Costs	-	-	-
Depreciation and Amortisation	53 820 123	52 734 013	1 086 110
Impairment Losses	6 848 594	6 848 594	(0)
Repairs and Maintenance	14 890 128	15 312 175	(422 047)
Finance Costs	5 234 273	5 234 273	(0)
Bulk Purchases	67 462 250	69 793 820	(2 331 570)
Contracted Services	4 660 391	4 660 391	0
Grants and Subsidies Paid	13 063 534	13 063 392	142
General Expenses	22 262 710	24 097 141	(1 834 431)
Loss on Disposal of Property, Plant and Equipment	-	-	-
	258 089 465	261 599 363	(3 509 898)

Prior year amounts of items in **Expenditure** included in the Statement of Financial Performance have been restated as indicated below:

Employee related cost:

The prior year amount for Employee Related cost has been restated to account for payables and corrections of creditors' balances as at 30 June 2013 as well as cancelled cheques.

	Employee related cost
Balance previously reported	67 479 524
Adjustment:	8 103
- Corrections of prior year balances	39 177
- Payables from non-exchange transactions as at 30 June 2013	(15 098)
- Cancelled cheques	(15 976)
Restated balances	67 487 627

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014 **2013**
R **R**

Depreciation and Amortisation:

As disclosed below, the opening balance of Property, Plant and Equipment, Investment Property and Intangible Assets have been restated with regards to corrections made to the new Asset Register that was implemented as at 30 June 2013. These corrections also affected the depreciation expense for the year ended 30 June 2013.

Repairs and Maintenance:

The prior year amount for *Repairs & Maintenance* has been restated to account for payables and corrections of creditors' balances as at 30 June 2013 as well as cancelled cheques.

	Repairs & Maintenance
Balance previously reported	14 890 128
Adjustment:	422 047
- Payables from exchange transactions as at 30 June 2013	71 674
- Payables from non-exchange transactions as at 30 June 2013	1 757 078
- Corrections of prior year balances	(1 400 032)
- Cancelled cheques	(6 673)
Restated balances	15 312 175

Bulk Purchases

The prior year amount for *Bulk Purchases* has been restated to account for Eskom connection fees, previously accounted for as payments made in advance, and to account for payables as at 30 June 2013 as well as cancelled cheques.

	Bulk purchases
Balance previously reported	67 462 250
Adjustment:	2 331 570
- Correction of connection fees previously accounted for as payments made in advance	2 773 506
- Payables from exchange transactions as at 30 June 2013	736
- Cancelled cheques	(442 672)
Restated balances	69 793 820

Grants and Subsidies Paid:

The prior year amount for *Grants & Subsidies Paid* has been restated to account for payables as at 30 June 2013 as well as cancelled cheques.

	Grants and subsidies paid
Balance previously reported	13 063 534
Adjustment:	(142)
- Payables from exchange transactions as at 30 June 2013	458
- Cancelled cheques	(600)
Restated balances	13 063 392

General Expenses:

The prior year amount for *General Expenses* has been restated to account for water inventory held by the municipality in its reticulation network in terms of GRAP 12. Also the purification cost of purified water has been recalculated at R 5.98 per kilolitre and raw water at 6c per kilolitre which affects the valuation of water inventory as at 30 June 2013.

The prior year amount for General expenses has been restated to account for payables and corrections of creditors' balances as at 30 June 2013 as well as cancelled cheques.

	General Expenses
Balance previously reported	22 262 710
Adjustment:	1 834 431
- Correction of the valuation of water inventory as at 30 June 2013	650 030
- Payables from exchange transactions as at 30 June 2013	1 191 449
- Cancelled cheques	(3 400)
- Corrections of prior year balances	(3 648)
Restated Balance now reported	24 097 141

-0

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R	
44.4 Reclassification of Statement of Financial Position			
The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.			
The effect of the Correction of Error is as follows:			
	Prior Year 2012/13 Balance	Current Year 2012/13 Balance	Restated Amount
Current Assets			
Inventories	960 316	310 285	650 031
Receivables from Exchange Transactions	16 485 123	16 103 740	381 383
Receivables from Non-exchange Transactions	16 282 203	13 973 127	2 309 076
VAT Receivable	1 783 695	2 852 473	(1 068 778)
Cash and Cash Equivalents	2 491 736	2 500 424	(8 688)
Operating Lease Receivables	-	129 045	(129 045)
Non-Current Assets			
Property, Plant and Equipment	1 066 509 121	836 893 575	229 615 546
Intangible Assets	1 239 837	1 186 853	52 984
Investment Property	15 558 153	164 153 596	(148 595 443)
Current Liabilities			
Consumer Deposits	(4 091 749)	(4 091 749)	0
Provisions	(1 884 506)	(977 584)	(906 922)
Payables from Exchange Transactions	(2 844 565)	(1 136 252)	(1 708 312)
Payables from Non-exchange Transactions	(11 017 345)	(10 532 277)	(485 068)
Unspent Conditional Grants and Receipts	(1 221 349)	(1 221 349)	0
Bank Overdraft	(23 382 157)	(22 912 836)	(469 321)
Current Portion of Long-term Liabilities	(4 011 996)	(4 011 996)	0
Non-Current Liabilities			
Long-term Liabilities	(33 660 584)	(33 660 584)	(0)
Employee Benefit Liabilities	-	(25 542 126)	25 542 126
Retirement Benefit Liabilities	(20 961 237)	-	(20 961 237)
Non-current Provisions	(7 438 002)	(3 764 035)	(3 673 967)
Net Assets			
Accumulated Surplus / (Deficit)	(1 010 796 695)	(930 252 330)	(80 544 365)
	-	0	(0)

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Inventory:

The **prior year amount** for water inventory has been restated to adhere to the recognition of Water Inventory held by the municipality in its reticulation network in terms of GRAP 12. Also the purification cost of purified water has been recalculated at R 5.98 per kilolitre and raw water at 6c per kilolitre which affects the valuation of water inventory as at 30 June 2013.

Receivables from exchange & non-exchange transactions

The **prior year amount** for Trade receivables from exchange transactions has been restated to account for corrections of prior year balances.

The **prior year amount** for Trade receivables from non-exchange transactions has been restated to account for corrections of prior year balances.

	Receivables from exchange transactions	Receivables from non-exchange transactions
Balance previously reported	16 485 123	16 282 203
Corrections of prior year balances	(381 383)	(2 309 076)
- Service debtors - electricity	(11 620)	-
- Service debtors - water	(264 633)	-
- Service debtors - refuse	(101 806)	-
- Service debtors - Sewerage & sanitation	(204)	-
- Service debtors - Assessment rates	-	(393 651)
- Other consumer services	(3 120)	-
- Other debtors - Debtor raised for Vodacom & MTN levies for antenna space	-	353 044
- Other debtors - Accounting for interest earned on Escrow deposits	-	505 037
- Payments made in advance	-	(2 773 506)
Restated balances	<u>16 103 740</u>	<u>13 973 127</u>
	0	-0

VAT receivable:

Furthermore, the **prior year amounts** for *VAT Receivable* has been restated to account for VAT on expenditure previously not accrued for as at 30 June 2013, correction of VAT on sale of land and corrections of VAT: Input (creditors) balance as at 30 June 2012.

	VAT receivable
Balance previously reported	1 783 695
Adjustment	1 068 778
- Expenditure not accrued for	165 811
- VAT payable - Debtor raised for Vodacom & MTN levies for antenna space	(43 356)
- Correction of VAT on sale of land	22 719
- Correction of VAT: Input (creditors) balance	923 604
Restated balances	<u>2 852 473</u>
	-0

Cash and cash equivalents:

The **opening balances** of Cash and cash equivalents has been restated to account for interest receivable as at 30 June 2013 on the Housing investment account amounting to R 8,688.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
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2013
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Operating Lease Receivables:
The opening balances of *Operating Lease Receivables* and *Accumulated Surplus* have been restated to correctly disclose the amount for Operating Lease Receivables in terms of the Lease Register as at 30 June 2012, due to the straight-lining of rental income as per the requirements of GRAP 13.

Property, Plant and Equipment:

As disclosed below, the opening balance of Property, Plant and Equipment, Investment Property and Intangible Assets have been restated with regards to corrections made to the new Asset Register that was implemented as at 30 June 2013.

	Property Plant & equipment	Investment Property	Intangible Assets	Total
Carrying value previously reported as at 30 June 2013	1 066 509 120	15 558 153	1 239 837	1 083 307 110
Corrections against accumulated surplus as at 30 June 2012:				
Land & Buildings:				
Correction of even that did not exist	(38 524 700)	-	-	(38 524 700)
Correction of RDP House incorrectly included in Asset register	(8 164 900)	-	-	(8 164 900)
Transfer properties to Investment Property	(146 348 443)	146 348 443	-	-
Other assets:				
Correction of assets incorrectly capitalised	(145 668)	-	-	(145 668)
Correction of duplicated movable assets.	(66 700)	-	-	(66 700)
Correction of assets previously not recorded in asset register	646 387	-	-	646 387
Correction of accumulated depreciation as at 30 June 2012	(66 965)	-	-	(66 965)
Infrastructure assets:				
Correction of infrastructure assets incorrectly capitalised in asset register at Depreciated Replacement Cost rather than Actual Cost and correction of provincial roads incorrectly capitalised in the Asset Register.	(28 614 942)	-	-	(28 614 942)
Correction of Work in Progress as at 30 June 2012	1 198 053	-	-	1 198 053
Correction of Accumulated Depreciation as at 30 June 2012	13 623 872	-	-	13 623 872
Correction of Deben Dry bed	(34 081)	-	-	(34 081)
Electricity KVA corrections	(7 506 594)	-	-	(7 506 594)
Correction of a transformer incorrectly classified as a community asset	4 724 216	-	-	4 724 216
Community Assets:				
Correction of a transformer incorrectly classified as a community asset.	(5 000 545)	-	-	(5 000 545)
Intangible Assets:				
Correction of computer software capitalised as at 30 June 2012	-	-	(52 984)	(52 984)
Correction of movements on asset register during the year ended 30 June 2013				
Land & Buildings:				
Correction of duplicated properties, previously included in PPE and Investment Property	(7 879 000)	-	-	(7 879 000)
Correction of even that did not exist	(4 236 600)	-	-	(4 236 600)
Transfer properties to Investment Property	(2 247 000)	2 247 000	-	-
Other assets:				
Correction of depreciation for the year ended 30 June 2013	(79 810)	-	-	(79 810)
Infrastructure assets:				
Correction of WIP - Invoices capitalised in Incorrect accounting period John Taolo Gaetsewe district municipality rural Water supply programme.	(1 553 659)	-	-	(1 553 659)
Correction of depreciation for the year ended 30 June 2013	1 023 174	-	-	1 023 174
Correction of depreciation - Deben Dry bed	(34 081)	-	-	(34 081)
Correction of depreciation - Electricity KVA corrections	78 502	-	-	78 502
Correction of depreciation on a transformer incorrectly classified as a community asset.	(125 855)	-	-	(125 855)
Community Assets				
Correction of building on Erf no. 645 incorrectly classified as a Municipal building.	(506 919)	-	-	(506 919)
Correction of depreciation for the year ended 30 June 2012	2 534	-	-	2 534
Correction of depreciation for the year ended 30 June 2013	22 812	-	-	22 812
Correction of depreciation on a transformer incorrectly classified as a community asset.	201 368	-	-	201 368
Restated carrying value as at 30 June 2014	836 893 575	164 153 596	1 186 853	1 002 234 025
	0	0	0	0
Correction affecting Accumulated surplus as at 30 June 2012	(230 701 655)	148 595 443	(52 984)	(82 161 730)
Correction affecting Surplus for the year ended 30 June 2013	1 086 110	-	-	1 088 644
Total Correction as at 30 June 2013	(229 615 545)	148 595 443	(52 984)	(81 073 085)

Current Provisions

The current portions of the provisions for Post-retirement medical aid and Long Service Awards have been restated to correctly disclose the current portion of the liabilities according to the Actuarial valuations as at 30 June 2013.

	Post retirement medical aid	Long Service awards	Total
Balances previously published per AFS as at 30 June 2013	1 330 947	438 357	1 769 304
Adjustment	(800 091)	(106 831)	(906 922)
Balances now published per AFS as at 30 June 2014	530 856	331 526	862 382

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
Payables from exchange & non-exchange transactions		
The prior year amount for Payables from exchange transactions has been restated to account for expenditure previously not accrued for at year-end and correction of prior year balances.		

The **prior year amount** for Payables from non-exchange transactions has been restated to account for expenditure previously not accrued for at year-end and correction of prior year balances. An adjustment on income received in advance was made to account for the unutilised portion of pre-paid electricity sales as a Income Received in Advance at year-end based on the average consumption history.

	Payables from Exchange transactions	Payables from non-exchange transactions
Balance previously reported	(2 844 565)	(11 017 345)
Adjustment	1 708 312	485 068
- Expenditure not accrued for	(1 305 627)	(1 757 078)
- Income received in advance: pre-paid electricity sales		(722 476)
- Income received in advance: Opening balance correction as at 30 June 2012		1 279 537
- Correction of balances	3 013 939	1 685 085
Restated balances	<u>(1 136 252)</u> 0	<u>(10 532 277)</u> (0)

Bank overdraft

The **prior year amount** for bank overdraft has been restated to account for cancelled cheques.

	Bank overdraft
Balance previously reported	(23 382 157)
Adjustment	
- Cancelled cheques	469 321
Restated balances	<u>(22 912 836)</u> 0

Employee benefit liabilities, Retirement Benefit Liabilities & Non-current Provisions

The opening balances of Non-current Provisions and Retirement Benefit Liabilities have been restated to correctly disclose both the Post Retirement Health Care Benefit Liability and the Provision for Long Service Awards as Employee Benefit Liabilities.

	Employee benefit liability
Balance previously reported	-
Adjustment	25 542 126
Retirement Benefit Liabilities - Provision for Post-retirement Health Care liability reclassified as employee benefit liability	20 961 237
Non-current Provisions - Provision for Long Service award reclassified as employee benefit Liability	3 673 967
Correction of current portion of Post retirement Health Care liability & Long Service award liability	906 922
Restated balances	<u>25 542 126</u> -

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
45 CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	44 853 883	7 116 200
Adjustment for:		
Correction of Prior Year Errors	(0)	-
Depreciation and Amortisation	54 720 415	52 734 013
Impairment Losses on Property, Plant and Equipment	340 433	-
Losses on Disposal of Property, Plant and Equipment	525 392	-
Profit on Sale of Land	-	(2 993 348)
Rent received - Straight-lining of operating lease receivables	12 091	(9 592)
Contribution to Employee Benefit Liability - non-current	7 499 105	4 895 386
Contribution to Employee Benefit Liability - current	216 085	(79 460)
Contribution to Provisions - Non-current	328 421	1 091 427
Contribution to Provisions - current	392 398	(53 322)
Increase in staff leave	880 030	979 807
Impairment losses: Provision for doubtful debts - exchange transactions	7 218 893	6 579 138
Impairment losses: Provision for doubtful debts - non-exchange transactions	2 164 488	238 140
Operating surplus before working capital changes	119 151 633	70 498 389
Decrease/(Increase) in Inventories	(279 042)	1 616 871
Decrease/(Increase) in Receivables from Exchange Transactions	(13 045 532)	(10 510 244)
Decrease/(Increase) in Receivables from Non-exchange Transactions (Rates)	(2 305 560)	(1 873 097)
Decrease/(Increase) in Receivables from Non-exchange Transactions (Other)	6 276 788	(1 903 929)
Decrease/(Increase) in VAT Receivable	(5 434 147)	1 021 724
Increase/(Decrease) in Consumer Deposits	547 737	599 762
Increase/(Decrease) in Payables from Exchange Transactions	(779 601)	(2 467 701)
Increase/(Decrease) in Payables from Non-exchange Transactions	2 557 827	3 373 679
Increase/(Decrease) in Conditional Grants and Receipts	(4 220)	(2 190 800)
Cash generated by / (utilised in) Operations	106 685 883	58 164 654

46 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2013/14 financial year.

47 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

47.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

Opening balance	44 756 394	35 612 327
Unauthorised Expenditure current year	53 733 265	9 144 067
Approved by Council or condoned	(44 756 394)	-
To be recovered – contingent asset (see Note 53)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Unauthorised Expenditure awaiting authorisation	53 733 265	44 756 394

Unauthorised expenditure relates to the overspending of the total amount appropriated for a vote. In the prior financial year, unauthorised expenditure was calculated according GFS functions (Government Finance Statistics classification system) and amounted to R 13,247,130 which was condoned by council in the 2014 financial year. The calculation of unauthorised expenditure was however changed in the 2014 financial year based on the municipality's own vote structure which resulted in a decrease of the comparative amount to R 9,144,067. The total amount condoned by council in the 2014 financial year was R 48,859,457.

Incident	Disciplinary Steps / Criminal Proceedings
Budgeted votes exceeded:-	
Vote 1 - Executive & Council - R 14,307,175 (2013: R 4,110,811)	
Vote 2 - Budget & Treasury Office - R 1,454,708 (2013: R 496,325)	
Vote 3 - Corporate Service - R 0 (2013: R 0)	
Vote 4 - Community Service - R 11,249,336 (2013: R 3,610,583)	
Vote 5 - Shared Service - R 0 (2013: R 0)	
Vote 6 - Technical Service - R 26,722,045 (2013: R 926,348)	

47.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	188 412	18 188
Fruitless and Wasteful Expenditure current year	108 878	170 224
Condoned or written off by Council	-	-
To be recovered – contingent asset (see Note 53)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Fruitless and Wasteful Expenditure awaiting condonement	297 291	188 412

Incident	Disciplinary Steps / Criminal Proceedings
Interest on late payment of creditors 22 028	To be submitted to Council to be condoned
Interest on late payment of SARS 86 850	To be submitted to Council to be condoned
108 878	

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
47.3 Irregular Expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	-	-
Irregular Expenditure current year	23 831 370	21 460 108
Condoned or written off by Council	-	(21 460 108)
To be recovered – contingent asset (see Note 53)	-	-
Transfer to receivables for recovery (see Note 5)	-	-
Irregular Expenditure awaiting condonement	<u>23 831 370</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings
<i>Irregular expenditure include expenditure contrary to SCM Processes. Goods & Services with transaction value below R200 000 procured without obtaining the required price quotations. R 16,332,542. Suppliers declaration of interest not obtained: R 1,739,920.</i>	<i>To be submitted to Council to be condoned</i>
<i>Irregular expenditure include expenditure contrary to SCM Processes. Goods & Services with transaction value above R200 000 procured without obtaining the required price quotations. R 3,188,563. SCM processes not followed: R 2,570,346.</i>	<i>To be submitted to Council to be condoned</i>

Possible Irregular expenditure currently under investigation:

Incident	Disciplinary Steps / Criminal Proceedings
<i>Review of declarations made by bidders with regards to their municipal accounts and rates & taxes.</i>	<i>The municipality is busy investigating declarations made by bidders with regards to their municipal accounts to determine if their municipal accounts and rates and taxes were not in arrears for more than 3 months at the time of awarding the contract. The total rand-value of all tenders issued amounts to R 142,826,887.05.</i>
<i>Expenditure contrary to SCM Processes - Goods and Services with transaction value above R 200,000.</i>	<i>The municipality is busy investigating tenders awarded to 8 suppliers with a total rand-value of R 16,076,128.83 to ensure that supply chain management processes were followed prior to awarding the tender.</i>

48 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

48.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	729 675	508 656
Amount Paid - current year	(729 675)	(508 656)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

48.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	2 990 510	1 572 203
Amount Paid - current year	(2 990 510)	(1 572 203)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

48.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

During the years under review, the following VAT payments have been made to SARS:

July 2012		276 185
January 2013		659 993
February 2013		<u>2 312 018</u>
		<u>3 248 197</u>
July 2013	1 623 801	
December 2013	2 242 578	
February 2014	469 771	
March 2014	121 698	
April 2014	<u>743 652</u>	
	<u>5 201 500</u>	

48.4 PAYE, Skills Development Levy and UIF

Opening Balance	-	-
Current year Payroll Deductions	9 322 817	7 731 899
Amount Paid - current year	(9 322 817)	(7 731 899)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

48.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	18 584 817	9 913 611
Amount Paid - current year	(18 584 817)	(9 913 611)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

48.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

		Total	Outstanding up to 90 days and more
30 June 2014			
Councillor	O.E. Hantise	12 288	12 141
Councillor	J. Johnson	55 461	51 701
Councillor	G. Vos	79 380	56 653
Councillor	I. Obuseng	4 759	4 255
Executive Mayor	Diniza M.M.	<u>1 752</u>	<u>1 283</u>
Total Councillor Arrear Consumer Accounts		<u>153 640</u>	<u>126 033</u>
		Total	Outstanding up to 90 days and more
30 June 2013			
Councillor	O.E. Hantise	12 371	12 141
Councillor	J.C. Kaars	647	311
Councillor	J. Johnson	38 179	33 437
Councillor	G. Vos	74 167	52 526
Councillor	I. Obuseng	<u>2 766</u>	<u>2 380</u>
Total Councillor Arrear Consumer Accounts		<u>128 130</u>	<u>100 795</u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R **2013**
R

48.7 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Gamagara Local Municipality	Year 2013/14	Various case	Various reasons like preferred supplier & venue, urgency, only 1 or 2 suppliers registered on databasis, specialised products, limited to 1 supplier.	11 906 673.30

2014
R **2013**
R

48.8 Bulk Electricity and Water Losses in terms of Section 125 (2)(d)(i) of the MFMA

Material Electricity and Water Losses were as follows and are not recoverable:

Electricity:

		Lost Units	Value
30 June 2014	Unaccounted Electricity Losses	16 593 242	18 977 943
30 June 2013	Unaccounted Electricity Losses	17 670 572	19 608 082

Electricity Losses occur due to *inter alia*, technical and non-technical losses (Technical losses - inherent resistance of conductors, transformers and other electrical equipment; Non-technical losses - the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal electricity connections). The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters are replaced as soon as they are reported.

	2014 R	2013 R
Volumes in kWh/year:		
System Input Volume	100 082 872	89 942 094
Billed Consumption	(83 489 631)	(72 271 522)
Distribution Loss	16 593 242	17 670 572
Percentage Distribution Loss	16.58%	19.65%
Loss (R):	18 977 943	19 608 082

Calculated as follows :

	%	Lost Units	Tariff	Value
30 June 2014				
Total Electricity Losses	100.00%	16 593 242	@	18 977 943
- E100: Domestic - conventional meters				-
: first 50 units	0.72%	119 555	0.79	94 448
: next 300 units	4.01%	666 103	1.00	666 103
: next 250 units	2.77%	458 995	1.26	578 334
: more than 600 units	15.90%	2 639 090	1.38	3 641 944
- E200: Commercial	1.23%	204 519	1.25	255 649
- E300: Commercial - three phase	6.17%	1 024 030	1.18	1 208 355
- E400: Agriculture - conventional meters	1.41%	233 395	0.91	212 389
- E500: Industrial - conventional meters	22.14%	3 674 253	0.91	3 343 570
- Per-paid electricity sales	45.64%	7 572 893	1.19	8 977 150

30 June 2013

Total Electricity Losses	100.00%	17 670 572	@	19 608 082
- E100: Domestic - conventional meters				
: first 50 units	0.94%	165 271	0.74	122 300
: next 300 units	5.20%	918 301	0.93	854 020
: next 250 units	3.52%	621 948	1.18	733 898
: more than 600 units	24.78%	4 377 952	1.29	5 647 558
- E200: Commercial	1.31%	231 419	1.09	253 404
- E300: Commercial - three phase	7.42%	1 311 856	1.10	1 443 042
- E400: Agriculture - conventional meters	1.64%	289 564	0.81	234 547
- E500: Industrial - conventional meters	10.15%	1 793 696	0.81	1 452 894
- Per-paid electricity sales	45.05%	7 960 565	1.11	8 866 419

Water:

		Lost Units	Value
30 June 2014	Unaccounted Water Losses	23 236	106 282
30 June 2013	Unaccounted Water Losses	20 591	38 358

Water Losses occur due to *inter alia*, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tampered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repared as soon as they are reported.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
49 COMMITMENTS FOR EXPENDITURE		
49.1 Capital Commitments		
Commitments in respect of Capital Expenditure:		
- Approved and Contracted for:-	41 646 679	81 845 975
Infrastructure	29 664 156	55 814 798
Other	-	892 054
Housing Development Fund	11 982 523	25 139 123
Total Capital Commitments	41 646 679	81 845 975
This expenditure will be financed from:		
Capital Replacement Reserve		-
Government Grants	37 533 105	58 780 632
Public Contributions	1 626 325	22 173 289
Own Resources	2 487 249	892 054
	41 646 679	81 845 975

49.2 Other Commitments

Commitments for operating expenditure as at 30 June 2014 amounts to R 981,474.

50 FINANCIAL INSTRUMENTS

50.1 Classification

FINANCIAL ASSETS:

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>		
Receivables from Exchange Transactions			
Electricity	Amortised cost	7 544 943	6 778 953
Refuse	Amortised cost	2 914 896	2 518 302
Sewerage	Amortised cost	3 577 874	1 920 981
Water	Amortised cost	7 632 054	4 632 686
Other Receivables	Amortised cost	260 611	252 819
Receivables from Non-exchange Transactions			
Assessment Rates Debtors	Amortised cost	3 812 038	3 670 966
Payments made in Advance	Amortised cost	-	-
Sale of Stands	Amortised cost	-	5 114 700
Short-term Loans	Amortised cost	2 623 841	2 410 037
Sundry Debtors	Amortised cost	1 401 532	2 777 424
Cash and Cash Equivalents			
Call Deposits	Amortised cost	10 114 003	2 498 624
Cash Floats and Advances	Fair value	1 800	1 800
		39 883 593	32 577 291

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

		2014 R	2013 R
SUMMARY OF FINANCIAL ASSETS			
Financial Assets at Amortised Cost:			
Receivables from Exchange Transactions	Electricity	7 544 943	6 778 953
Receivables from Exchange Transactions	Refuse	2 914 896	2 518 302
Receivables from Exchange Transactions	Sewerage	3 577 874	1 920 981
Receivables from Exchange Transactions	Water	7 632 054	4 632 686
Receivables from Exchange Transactions	Other Debtors	260 611	252 819
Receivables from Non-exchange Transactions	Assessment Rates Debtors	3 812 038	3 670 966
Receivables from Non-exchange Transactions	Payments made in Advance	-	-
Receivables from Non-exchange Transactions	Accruals	-	-
Receivables from Non-exchange Transactions	Sale of stands	-	5 114 700
Receivables from Non-exchange Transactions	Short-term Loans	2 623 841	2 410 037
Receivables from Non-exchange Transactions	Sundry Debtors	1 401 532	2 777 424
Cash and Cash Equivalents	Call Deposits	10 114 003	2 498 624
		<u>39 881 793</u>	<u>32 575 491</u>
Financial Assets at Fair Value:			
Cash and Cash Equivalents	Cash Floats and Advances	1 800	1 800
		<u>1 800</u>	<u>1 800</u>
Total Financial Assets		<u>39 883 593</u>	<u>32 577 291</u>
FINANCIAL LIABILITIES:			
In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:			
	<u>Financial Liabilities</u>	<u>Classification</u>	
Long-term Liabilities			
Annuity Loans	Amortised cost	29 237 975	33 660 584
Payables from Exchange Transactions			
Trade Creditors	Amortised cost	356 651	1 136 252
Consumer Deposits	Fair value	4 639 486	4 091 749
Payables from Non-exchange Transactions			
Staff Leave Accrued	Amortised cost	4 547 806	3 667 777
Staff Salaries	Amortised cost	2 087 511	1 206 383
Sundry Deposits	Amortised cost	3 484 424	3 450 105
Bank Overdraft			
Bank Overdraft	Amortised cost	30 159 496	22 912 836
Annuity Loans	Amortised cost	4 422 609	4 011 996
		<u>78 935 957</u>	<u>74 137 683</u>
SUMMARY OF FINANCIAL LIABILITIES			
Financial Liabilities at Amortised Cost:			
Long-term Liabilities	Annuity Loans	29 237 975	33 660 584
Payables from Exchange Transactions	Trade Creditors	356 651	1 136 252
Payables from Non-exchange Transactions	Staff Leave Accrued	4 547 806	3 667 777
Payables from Non-exchange Transactions	Staff Salaries	2 087 511	1 206 383
Payables from Non-exchange Transactions	Sundry Deposits	3 484 424	3 450 105
Bank Overdraft	Bank Overdraft	30 159 496	22 912 836
Current Portion of Long-term Liabilities	Annuity Loans	4 422 609	4 011 996
		<u>74 296 471</u>	<u>70 045 933</u>
Financial Liabilities at Fair Value:			
Consumer Deposits		4 639 486	4 091 749
		<u>4 639 486</u>	<u>4 091 749</u>
Total Financial Liabilities		<u>78 935 957</u>	<u>74 137 683</u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

50.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and short-term investments

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2014, as a result of the short-term maturity of these assets and liabilities.

No Financial Instruments of the municipality have been reclassified during the year.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2014

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call deposits	-	10 114 003	-	10 114 003
Cash and Cash Equivalents	-	1 800	-	1 800
Total Financial Assets	<u>-</u>	<u>10 115 803</u>	<u>-</u>	<u>10 115 803</u>
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Bank overdraft	-	(30 159 496)	-	(30 159 496)
Total Financial Liabilities	<u>-</u>	<u>(30 159 496)</u>	<u>-</u>	<u>(30 159 496)</u>
Total Financial Instruments	<u>-</u>	<u>40 275 299</u>	<u>-</u>	<u>40 275 299</u>

30 June 2013

	Level 1 R	Level 2 R	Level 3 R	Total R
FINANCIAL ASSETS				
Financial Instruments at Fair Value:				
Call deposits	-	2 498 624	-	2 498 624
Cash and Cash Equivalents	-	1 800	-	1 800
Total Financial Assets	<u>-</u>	<u>2 500 424</u>	<u>-</u>	<u>2 500 424</u>
FINANCIAL LIABILITIES				
Financial Instruments at Fair Value:				
Bank overdraft	-	22 912 836	-	22 912 836
Total Financial Liabilities	<u>-</u>	<u>22 912 836</u>	<u>-</u>	<u>22 912 836</u>
Total Financial Instruments	<u>-</u>	<u>(20 412 412)</u>	<u>-</u>	<u>(20 412 412)</u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

50.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2013.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity which consist of Accumulated Surplus as disclosed in Note 20 and the Statement of Changes in Net Assets.

Gearing Ratio

	2014 R	2013 R
The gearing ratio at the year-end was as follows:		
Debt	63 820 079	60 585 416
Cash and Cash Equivalents	(10 115 803)	(2 500 424)
Net Debt	<u>53 704 276</u>	<u>58 084 993</u>
Equity	<u>975 106 213</u>	<u>930 252 330</u>
Net debt to equity ratio	<u>5.51%</u>	<u>6.24%</u>

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

50.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

50.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 49.8 and 49.9 to the Annual Financial Statements.

50.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 49.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014 **2013**
R **R**

50.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

50.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy. Consumer Deposits are increased accordingly.

50.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with First National Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling the disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA;
- The requirement of a deposit for new service connections, serving as guarantee and are reviewed annually;
- Encouraging residents to install water management devices that control water flow to households, and/or prepaid electricity meters.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties.

Counterparty and Location	30 June 2014 Carrying Amount R	30 June 2013 Carrying Amount R
Camel Thorn Consultancy T/A Namakwari Lodge	161 802	143 488
Diversified Property Fund LTD	727 032	355 713
Kentucky Fried Chicken	123 538	95 165
Mediclinic Kathu		139 633
Sioc Community Development Trust	162 657	48 005
Urban Hotel	95 940	

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014 R	2013 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Receivables from Exchange Transactions	46 539 605	36 324 587
Receivables from Non-exchange Transactions	16 651 315	21 128 859
Bank, Cash and Cash Equivalents	(20 043 692)	(20 412 412)
Maximum Credit and Interest Risk Exposure	43 147 228	37 041 033
The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:		
	%	%
Consumer Debtors:		
- Household	55.97%	50.38%
- Industrial / Commercial	34.43%	28.56%
- National and Provincial Government	3.24%	3.13%
Other Debtors:		
- Other not Classified	6.37%	17.93%
Total Credit Risk	193.63%	182.07%
Bank and Cash Balances		
First National Bank	(20 043 692)	(20 412 412)
Total Bank and Cash Balances	(20 043 692)	(20 412 412)
Credit quality of Financial Assets:		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
Receivables from Exchange Transactions		
Counterparties without external credit rating:-		
Group 1	9 343 133	6 118 521
Group 2	1 349 397	1 194 759
Group 3	-	-
	10 692 531	7 313 280
Total Receivables from Exchange Transactions	10 692 531	7 313 280
Receivables from Non-exchange Transactions		
Group 1	-	-
Group 2	8 569 846	10 884 575
Group 3	-	-
Total Receivables from Non-exchange Transactions	8 569 846	10 884 575
Credit quality Groupings:		
Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.		
Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.		
Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.		

None of the financial assets that are fully performing have been renegotiated in the last year.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

50 FINANCIAL INSTRUMENTS (Continued)

50.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 45 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2014								
Non-interest Bearing		0.00%	10 476 391	10 476 391	-	-	-	-
- Payables from Exchange transactions			356 651	356 651	-	-	-	-
- Payables from Non-exchange transactions			10 119 741	10 119 741	-	-	-	-
Variable Interest Rate Instruments			30 159 496	30 159 496	-	-	-	-
- Bank Overdraft			30 159 496	30 159 496	-	-	-	-
Fixed Interest Rate Instruments			33 660 584	2 145 787	2 276 822	3 802 619	12 018 615	13 416 742
Non-current liabilities			29 237 975	-	-	3 802 619	12 018 615	13 416 742
- DBSA 61000317		10.76%	-	-	-	-	-	-
- DBSA 61000367		8.63%	13 139 661			1 752 884	5 091 371	6 295 406
- DBSA 61006899		9.56%	7 257 893			944 805	2 788 139	3 524 949
- DBSA 61006937		11.06%	8 840 421			1 104 930	4 139 104	3 596 387
Current liabilities			4 422 609	2 145 787	2 276 822	-	-	-
- DBSA 61000317		10.76%	952 388	463 410	488 979			
- DBSA 61000367		8.63%	1 613 521	784 734	828 787			
- DBSA 61006899		9.56%	862 231	418 023	444 207			
- DBSA 61006937		11.06%	994 469	479 620	514 849	-	-	-
			74 296 471	42 781 674	2 276 822	3 802 619	12 018 615	13 416 742

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

30 June 2013								
Non-interest Bearing		0.00%	9 460 517	9 460 517	-	-	-	-
- Payables from Exchange transactions			1 136 252	1 136 252	-	-	-	-
- Payables from Exchange transactions			8 324 265	8 324 265	-	-	-	-
			-					
Variable Interest Rate Instruments			22 912 836	22 912 836	-	-	-	-
- Bank Overdraft			22 912 836	22 912 836	-	-	-	-
			-					
Fixed Interest Rate Instruments		5.00%	37 672 580	1 940 333	2 071 663	4 422 609	12 577 280	16 660 695
<i>Non-current liabilities</i>			33 660 584	-	-	4 422 609	12 577 280	16 660 695
- DBSA 61000317		10.76%	952 388			952 389	-	-
- DBSA 61000367		8.63%	14 753 182			1 613 521	5 740 236	7 399 425
- DBSA 61006899		9.56%	8 120 124			862 231	3 123 368	4 134 526
- DBSA 61006937		11.06%	9 834 890			994 469	3 713 677	5 126 744
<i>Current liabilities</i>			4 011 996	1 940 333	2 071 663	-	-	-
- DBSA 61000317		10.76%	857 482	416 746	440 735	-	-	-
- DBSA 61000367		8.63%	1 482 458	719 895	762 562	-	-	-
- DBSA 61006899		9.56%	785 192	379 991	405 201	-	-	-
- DBSA 61006937		11.06%	886 865	423 701	463 165	-	-	-
			-					
			70 045 933	34 313 686	2 071 663	4 422 609	12 577 280	16 660 695

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2014								
Non-interest Bearing		0.00%	29 769 590	29 769 590	-	-	-	-
- Trade Receivables from Exchange Transactions			21 930 379	21 930 379	-	-	-	-
- Trade Receivables from Non-exchange Transactions			7 837 411	7 837 411	-	-	-	-
- Cash and Cash Equivalents			1 800	1 800	-	-	-	-
Variable Interest Rate Instruments		1% - 3.9%	10 114 003	10 114 003	-	-	-	-
- Call Deposits			10 114 003	10 114 003	-	-	-	-
			39 883 593	39 883 593	-	-	-	-
30 June 2013								
Non-interest Bearing		0.00%	30 078 667	30 078 667	-	-	-	-
- Trade Receivables from Exchange Transactions			16 103 740	16 103 740	-	-	-	-
- Trade Receivables from Non-exchange Transactions			13 973 127	13 973 127	-	-	-	-
- Cash and Cash Equivalents			1 800	1 800	-	-	-	-
Variable Interest Rate Instruments		1% - 3.9%	2 498 624	2 498 624	-	-	-	-
- Call Deposits			2 498 624	2 498 624	-	-	-	-
			32 577 291	32 577 291	-	-	-	-

50.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

51 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R7 027 448 (2013: R5 928 858) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Cape Joint Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013. The scheme both operates a Defined benefit and Defined contribution scheme.

The statutory valuation performed as at 30 June 2013 revealed that the fund had a deficit of R 10 million (30 June 2012: R 18 million), with a funding level of 99,7% (30 June 2012: 99,4%). The contribution rate paid by the members (9,00%) and the municipalities (18,00%) is sufficient to fund the benefits accruing from the fund in the future.

DEFINED CONTRIBUTION SCHEMES

Cape Joint Retirement Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The statutory valuation performed as at 30 June 2013 revealed that the assets of the fund amounted to R 31,425 million (30 June 2012: (R 7,980)) million, with funding levels of 100,2% and 100,0% (30 June 2012: 99,9% and 100%) for the Share Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Councillors Pension Fund:

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The valuation performed as at 30 June 2012 revealed that the assets of the fund amounted to R 1,183 (30 June 2011: R 1,041) million. The contribution rate paid by the members (13,75%) and the municipalities (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

National Fund for Municipal Workers - Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2013.

The net assets available for benefits were R 6,981 (2012: R 5,646) million.

The statutory valuation performed as at 1 July 2013 revealed that the fund had a deficit of R 65 (30 June 2012: R 63) million, with a funding level of 99,97% (30 June 2012: 99,89%). The contribution rate paid by the members (9%) and the municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future.

Lekana Pension Fund (Previously SAMWU National Provident Fund)

The valuation performed as at 30 June 2008 revealed that the assets of the fund amounted to R 2,455,947 million (30 June 2005: R 1,511,461 million) with funding levels of 100% (30 June 2005: 100%). The contribution rate paid by the members (7,5%) and the municipalities (18%) is sufficient to fund the benefits accruing from the fund in the future. The fund is certified to be financially sound as at 30 June 2008.

Sanlam Umbrella Provident Fund

No details could be provided for the fund and of any valuation performed. The registrar granted valuation exemption to the fund and the date on which the valuation exemption for the fund will terminate is 31 December 2017. The contribution rate paid by the members is 9% and the municipality 18%.

None of the above mentioned plans are State Plans.

52 RELATED PARTY TRANSACTIONS

Related party relationships:

	Ward	Surname	Initials
Councillors:	1	Vos	G.
	2	Tiroyame	T.E.
	3	Gorrah	V.L.
	4	Obuseng	I.
	5	Selonyane	P.
	Mayor	Moyo	D.P.
	Proportional	Van den Heever	F.
	Proportional	Hantise	O.E.
	Proportional	Kaars	J.C.
	Proportional	Johnson	J.
Directors:		Surname	Initials
	Municipal Manager	Itumeleng	T.C.
	Chief Financial officer	Grond	N.M.
	Director Corporate Services	Seetile	L.
	Director Infrastructure	Ositang	K.N.
	Director Community Services	Apools-Sebogodi	R.C.
	Director Strategic Services	Leserwane	K.P.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

52.1 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

	Rates Charges R	Service Charges R	Sundry Charges R	Outstanding Balances R
For the Year ended 30 June 2014				
Councillors	9 725	231 189	-	164 258
Section 57 Personnel	11 859	53 182	100 841	81 827
Total Services	21 584	284 371	100 841	246 084

Councillors:

Executive Mayor	D.P. Moyo	-	10 218	-	8 191
Executive Mayor	Diniza M.M.	13	521		1 752
Councillor : PR	F. van den Heever	-	6 085	-	208
Councillor : PR	O.E. Hantise	-	1 780	-	12 288
Councillor : PR	J.C. Kaars	307	1 639	-	182
Councillor : PR	J. Johnson	-	19 282	-	55 461
Councillor : Ward 1	G. Vos	9 182	177 167	-	79 380
Councillor : Ward 2	T.E. Tiroyame	128	5 136	-	1 232
Councillor : Ward 3	V.L. Gorrah	40	3 535	-	482
Councillor : Ward 4	I. Obuseng	-	1 993	-	4 759
Councillor : Ward 5	P. Selonyane	55	3 833	-	324

Section 57 Personnel:

Municipal Manager	T.C. Itumeleng	-	15 395	23 270	31 570
Chief Financial officer	N.M. Grond	-	13 644	69 146	39 504
Director Corporate Services	L. Seetile	-	-	-	-
Director Corporate Services (acting)	Phuti C.M.	1 139	451		594
Director Infrastructure	K.N. Ositang	3 389	9 550	8 425	9 259
Director Community Services	R.C. Apools-Sebogodi	7 331	14 142	-	900
Director Strategic Services	K.P. Leserwane	-	-	-	-
		21 584	284 371	100 841	246 084

For the Year ended 30 June 2013

Councillors	5 756	100 982	-	109 739
Section 57 Personnel	11 462	44 873	50 533	21 003
Total Services	17 218	145 856	50 533	130 743

Councillors:

Executive Mayor	Diniza M.M.		4 092		304
Councillor : PR	F. van den Heever	-	4 416	-	301
Councillor : PR	O.E. Hantise	-	1 503	-	12 371
Councillor : PR	J.C. Kaars	291	1 553	-	647
Councillor : PR	J. Johnson	-	16 981	-	38 179
Councillor : Ward 1	G. Vos	5 254	53 419		56 118
Councillor : Ward 2	T.E. Tiroyame	121	9 299	-	460
Councillor : Ward 3	V.L. Gorrah	38	3 796	-	516
Councillor : Ward 4	D.P. Moyo	-	1 827	-	230
Councillor : Ward 5	P. Selonyane	52	4 097	-	613

Section 57 Personnel:

Municipal Manager	T.C. Itumeleng	-	3 704	-	(12)
Chief Financial officer	N.M. Grond	-	6 671	50 533	8 214
Manager Corporate Services (acting)	Phuti C.M.	1 783	1 749		1 418
Manager Technical services (acting)	K.N. Ositang	3 389	8 230	-	1 554
Manager Community Services	R.C. Apools-Sebogodi	2 926	14 782	-	7 804
Manager Community Services (acting)	Loeto G.N.	3 365	9 737		2 025
		17 218	145 856	50 533	130 743

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

52.2 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004.

52.3 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in notes 32 and 33 respectively and Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

53 CONTINGENT LIABILITIES

53.1 Guarantees:

-	-
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The municipality did not issue any guarantee during the financial years under review.

53.2 Court Proceedings:

30 000	20 000
--------	--------

(ii) Dispute on Damages Claimed:

10 000	-
--------	---

The municipality is involved in litigation with BK Chabemang emanating from a motor vehicle accident which involved a municipal vehicle. The possible liability amounts to R 10,000. The municipality is defending the case through BBM attorneys. The outcome of the matter is still unknown.

(iii) Dispute on Damages Claimed:

20 000	20 000
--------	--------

The municipality is involved in litigation with MR Moolman emanating from damages to the plaintiff's vehicle due to negligence and poor workmanship on the road and failure to install warning signs to warn the public that road construction takes place and of farrows in the middle of the road. The possible liability amounts to R 20,000. The municipality is defending the case through BBM attorneys. The outcome of the matter is still unknown.

53.3 Other:

20 000 000	20 000 000
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(i) Licensing fees and penalties:

20 000 000	20 000 000
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Contrary to section 20(1) of the Environmental Conservation Act (Act 50 of 2003) the municipality's landfill sites have not been issued with a permit by the Department of Economic and Environmental Affairs. In terms of section 29(4), for non-compliance of section 20(1) the municipality may incur a fine to the amount of R 10 million per contravention.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2014
R

2013
R

54 CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

55 EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2014.

56 COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 43) and Prior Period Errors (Note 44).

57 GOING CONCERN ASSESSMENT

Management considered the following matters relating to the Going Concern:

(i) During 2014 the Council adopted the 2015/16 to 2016/17 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period.

(ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council.

(iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly and quarterly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

GAMAGARA MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2014

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	1 483 680	-	1 483 680	-	-	1 483 680	589 327	-	(894 353)	39.72	39.72
Receivables from Exchange Transactions	9 622 272	-	9 622 272	-	-	9 622 272	21 930 379	-	12 308 107	227.91	227.91
Receivables from Non-exchange Transactions	26 110 656	-	26 110 656	-	-	26 110 656	7 837 411	-	(18 273 245)	30.02	30.02
VAT Receivable	-	-	-	-	-	-	8 286 619	-	8 286 619	0.00	0.00
Cash and Cash Equivalents	4 949 416	-	4 949 416	-	-	4 949 416	10 115 803	-	5 166 387	204.38	204.38
Operating Lease Receivables	-	-	-	-	-	-	116 954	-	116 954	0.00	0.00
	-	-	-	-	-	-	-	-	-	-	-
Non-Current Assets											
Property, Plant and Equipment	993 379 200	-	993 379 200	-	-	993 379 200	883 665 970	-	(109 713 230)	88.96	88.96
Intangible Assets	1 584 000	-	1 584 000	-	-	1 584 000	1 133 385	-	(450 615)	71.55	71.55
Investment Property	-	-	-	-	-	-	162 966 596	-	162 966 596	0.00	0.00
Total Assets	1 037 129 224	-	1 037 129 224	-	-	1 037 129 224	1 097 829 445	-	60 700 221	105.85	105.85
Current Liabilities											
Consumer Deposits	3 500 640	-	3 500 640	-	-	3 500 640	4 639 486	-	1 138 846	132.53	132.53
Provisions	1 571 328	-	1 571 328	-	-	1 571 328	1 586 066	-	14 738	100.94	100.94
Payables from Exchange Transactions	-	-	-	-	-	-	356 650	-	356 650	0.00	0.00
Payables from Non-exchange Transactions	13 260 192	-	13 260 192	-	-	13 260 192	13 970 134	-	709 942	105.35	105.35
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	1 217 129	-	1 217 129	0.00	0.00
Bank Overdraft	-	-	-	-	-	-	30 159 496	-	30 159 496	0.00	0.00
Current Portion of Long-term Liabilities	13 852 608	-	13 852 608	-	-	13 852 608	4 422 609	-	(9 429 999)	31.93	31.93
Non-Current Liabilities											
Long-term Liabilities	37 356 000	-	37 356 000	-	-	37 356 000	29 237 975	-	(8 118 025)	78.27	78.27
Retirement Benefit Liabilities	17 865 408	-	17 865 408	-	-	17 865 408	33 041 231	-	15 175 823	184.95	184.95
Non-current Provisions	4 013 856	-	4 013 856	-	-	4 013 856	4 092 456	-	78 600	101.96	101.96
Total Liabilities	91 420 032	-	91 420 032	-	-	91 420 032	122 723 232	-	31 303 200	134.24	134.24
Total Assets and Liabilities	945 709 192	-	945 709 192	-	-	945 709 192	975 106 213	-	29 397 021	103.11	103.11
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	945 709 192	-	945 709 192	-	-	945 709 192	975 106 213	-	29 397 021	103.11	103.11
Total Net Assets	945 709 192	-	945 709 192	-	-	945 709 192	975 106 213	-	29 397 021	103.11	103.11

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	21 344 000	2 950 800	24 294 800	-	-	24 294 800	23 623 405	-	(671 395)	97.24	110.68
Fines	371 551	(190 000)	181 551	-	-	181 551	775 204	-	593 653	426.99	208.64
Licences and Permits	782 872	-	782 872	-	-	782 872	1 055 089	-	272 217	134.77	134.77
Income for Agency Services	1 953 935	-	1 953 935	-	-	1 953 935	2 475 622	-	521 687	126.70	126.70
Government Grants and Subsidies Received	107 368 167	3 966 881	111 335 048	-	-	111 335 048	28 993 462	-	(82 341 586)	26.04	27.00
Public Contributions and Donations	49 220 000	(5 894 790)	43 325 210	-	-	43 325 210	31 189 640	-	(12 135 570)	71.99	63.37
Revenue from Exchange Transactions											
Service Charges	193 131 341	14 547 812	207 679 153	-	(104 825)	207 574 328	209 648 362	-	2 074 034	101.00	108.55
Rental of Facilities and Equipment	2 173 957	(1 500 000)	673 957	-	-	673 957	629 829	-	(44 128)	93.45	28.97
Interest Earned - External Investments	500 000	(300 000)	200 000	-	-	200 000	307 177	-	107 177	153.59	61.44
Other Income	2 770 478	727 715	3 498 193	-	-	3 498 193	5 979 080	-	2 480 887	170.92	215.81
Profit on Sale of Land	15 000 000	(6 500 000)	8 500 000	-	-	8 500 000	-	-	(8 500 000)	0.00	0.00
Total Revenue	394 616 301	7 808 418	402 424 719	-	(104 825)	402 319 894	304 815 769	-	(97 504 125)	75.76	77.24
Expenditure											
Employee Related Costs	67 888 515	7 178 000	75 066 515	-	-	75 066 515	83 936 489	8 869 974	8 869 974	111.82	123.64
Remuneration of Councillors	2 504 554	248 086	2 752 640	-	-	2 752 640	2 637 252	-	(115 388)	95.81	105.30
Depreciation and Amortisation	10 139 553	-	10 139 553	-	-	10 139 553	54 720 415	44 580 862	44 580 862	539.67	539.67
Impairment Losses	2 236 600	-	2 236 600	-	-	2 236 600	9 723 814	7 487 214	7 487 214	434.76	434.76
Repairs and Maintenance	17 339 413	(5 061 911)	12 277 502	-	-	12 277 502	10 785 772	-	(1 491 730)	87.85	62.20
Finance Costs	3 037 366	641 320	3 678 686	-	-	3 678 686	3 983 550	304 864	304 864	108.29	131.15
Bulk Purchases	64 090 037	18 400 000	82 490 037	-	-	82 490 037	82 148 872	-	(341 165)	99.59	128.18
Contracted Services	5 326 869	820 000	6 146 869	-	-	6 146 869	4 901 459	-	(1 245 410)	79.74	92.01
Grants and Subsidies Paid	11 746 423	6 751 182	18 497 605	-	-	18 497 605	9 379 499	-	(9 118 106)	50.71	79.85
General Expenses	30 278 890	(1 200 365)	29 078 525	-	(104 825)	28 973 700	23 610 358	-	(5 363 342)	81.49	77.98
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	525 392	525 392	525 392	0.00	0.00
Total Expenditure	214 588 220	27 776 312	242 364 532	-	(104 825)	242 259 707	286 352 872	61 768 305	44 093 165	118.20	133.44
Surplus/(Deficit for the Year)	180 028 081	(19 967 894)	160 060 187	-	-	160 060 187	44 853 883	(35 377 319)	(115 206 304)	28.02	24.91

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	50 000	158 189	208 189	-	-	208 189	324 742	116 553	116 553	155.98	649.48
Finance and Administration	271 350	(96 000)	175 350	-	-	175 350	182 170	6 820	6 820	103.89	67.13
Planning and Development	2 883 000	(598 750)	2 284 250	-	-	2 284 250	376 857	-	(1 907 393)	16.50	13.07
Health	56 500	-	56 500	-	-	56 500	11 629	-	(44 871)	20.58	20.58
Community and Social Services	2 350 000	(1 000 000)	1 350 000	-	-	1 350 000	342 171	-	(1 007 829)	25.35	14.56
Housing	42 331 551	(4 900 000)	37 431 551	-	-	37 431 551	6 076 902	-	(31 354 649)	16.23	14.36
Public Safety	763 762	(615 062)	148 700	-	-	148 700	17 665	-	(131 035)	11.88	2.31
Sport and Recreation	14 115 000	(12 405 000)	1 710 000	-	-	1 710 000	530 523	-	(1 179 478)	31.02	3.76
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00
Waste Management	48 103 000	(3 007 092)	45 095 908	-	-	45 095 908	28 928 528	-	(16 167 380)	64.15	60.14
Roads and Transport	20 563 480	(5 035 000)	15 528 480	-	-	15 528 480	20 126 979	4 598 499	4 598 499	129.61	97.88
Water	37 161 300	10 471 463	47 632 763	-	-	47 632 763	17 744 245	-	(29 888 518)	37.25	47.75
Electricity	8 793 200	(1 530 000)	7 263 200	-	-	7 263 200	27 211 946	19 948 746	19 948 746	374.66	309.47
Other	2 588 000	(1 412 651)	1 175 349	-	-	1 175 349	430 812	-	(744 537)	36.65	16.65
Total Capital Expenditure	180 030 143	(19 969 903)	160 060 240	-	-	160 060 240	102 305 167	24 670 617	(57 755 073)	63.92	56.83
							0.15				

30 June 2014

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	21 344 000	2 950 800	24 294 800	-	-	24 294 800	23 482 333	-	(812 467)	96.66	110.02
Grants	107 368 167	3 966 881	111 335 048	-	-	111 335 048	55 380 228	-	(55 954 820)	49.74	51.58
Public Contributions and Donations	-	-	-	-	-	-	31 189 640	31 189 640	31 189 640	0.00	0.00
Service Charges	192 790 171	14 547 769	207 337 940	-	-	207 337 940	203 821 723	-	(3 516 217)	98.30	105.72
Interest Received	500 000	(300 000)	200 000	-	-	200 000	446 076	246 076	246 076	223.04	89.22
Other Receipts	49 477 829	(4 734 404)	44 743 425	-	-	44 743 425	17 751 440	-	(26 991 985)	39.67	35.88
Employee Related Costs	(67 888 521)	(7 178 000)	(75 066 521)	-	-	(75 066 521)	(74 948 871)	117 650	117 650	0.00	0.00
Remuneration of Councillors	(2 504 553)	(248 086)	(2 752 639)	-	-	(2 752 639)	(2 637 252)	115 387	115 387	0.00	0.00
Interest Paid	(3 022 366)	(656 320)	(3 678 686)	-	-	(3 678 686)	(3 983 550)	-	(304 864)	0.00	0.00
Suppliers Paid	(97 620 717)	(7 892 910)	(105 513 627)	-	-	(105 513 627)	(104 328 894)	1 184 733	1 184 733	0.00	0.00
Other Payments	(11 465 000)	(6 849 848)	(18 314 848)	-	-	(18 314 848)	(39 486 989)	-	(21 172 141)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(153 025 500)	16 975 000	(136 050 500)	-	-	(136 050 500)	(102 026 829)	34 023 671	34 023 671	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	(278 338)	-	(278 338)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	15 000 000	(6 500 000)	8 500 000	-	-	8 500 000	-	-	(8 500 000)	0.00	0.00
Decrease / (Increase) in Long-term Receivables	10 400 000	-	10 400 000	-	-	10 400 000	-	-	(10 400 000)	0.00	0.00
Cash Flows from/(used in) Financing Activities											
Loans repaid	(3 022 000)	(656 320)	(3 678 320)	-	-	(3 678 320)	(4 011 996)	-	(333 676)	0.00	0.00
Cash and Cash Equivalents at End of the Year	58 331 510	3 424 562	61 756 072	-	-	61 756 072	368 720	66 877 156	(61 387 352)	0.60	0.63

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL POSITION											
Current Assets											
Inventories	1 405 011	-	1 405 011	-	-	1 405 011	310 285	-	(1 094 725)	22.08	22.08
Non-current Assets Held-for-Sale	-	-	-	-	-	-	-	-	-	0.00	0.00
Receivables from Exchange Transactions	9 841 458	-	9 841 458	-	-	9 841 458	16 103 740	-	6 262 282	163.63	163.63
Receivables from Non-exchange Transactions	24 725 836	-	24 725 836	-	-	24 725 836	13 973 127	-	(10 752 709)	56.51	56.51
VAT Receivable	-	-	-	-	-	-	2 852 473	-	2 852 473	0.00	0.00
Cash and Cash Equivalents	5 062 509	-	5 062 509	-	-	5 062 509	2 500 424	-	(2 562 085)	49.39	49.39
Operating Lease Receivables	-	-	-	-	-	-	129 045	-	129 045	0.00	0.00
Current Portion of Long-term Receivables	-	-	-	-	-	-	-	-	-	0.00	0.00
Non-Current Assets											
Property, Plant and Equipment	1 068 481 064	-	1 068 481 064	-	-	1 068 481 064	836 893 575	-	(231 587 489)	78.33	78.33
Intangible Assets	1 500 000	-	1 500 000	-	-	1 500 000	1 186 853	-	(313 147)	79.12	79.12
Investment Property	-	-	-	-	-	-	164 153 596	-	164 153 596	0.00	0.00
Heritage Assets	-	-	-	-	-	-	-	-	-	0.00	0.00
Long-term Receivables	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Assets	1 111 015 878	-	1 111 015 878	-	-	1 111 015 878	1 038 103 118	-	(72 912 759)	93.44	93.44
Current Liabilities											
Consumer Deposits	3 314 752	-	3 314 752	-	-	3 314 752	4 091 749	-	776 997	123.44	123.44
Provisions	1 487 827	-	1 487 827	-	-	1 487 827	977 584	-	(510 244)	65.71	65.71
Payables from Exchange Transactions	7 917 281	-	7 917 281	-	-	7 917 281	1 136 252	-	(6 781 029)	14.35	14.35
Payables from Non-exchange Transactions	-	-	-	-	-	-	10 532 277	-	10 532 277	0.00	0.00
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	1 221 349	-	1 221 349	0.00	0.00
VAT Payable	275 226	-	275 226	-	-	275 226	-	-	(275 226)	0.00	0.00
Short-term Loans	-	-	-	-	-	-	-	-	-	0.00	0.00
Operating Lease Liabilities/Payables	-	-	-	-	-	-	-	-	-	0.00	0.00
Liabilities associated with Assets Held-for-Sale	-	-	-	-	-	-	-	-	-	0.00	0.00
Bank Overdraft	1 000 000	-	1 000 000	-	-	1 000 000	22 912 836	-	21 912 836	2 291.28	2 291.28
Current Portion of Long-term Liabilities	11 412 000	-	11 412 000	-	-	11 412 000	4 011 996	-	(7 400 004)	35.16	35.16
Non-Current Liabilities											
Long-term Liabilities	29 374 803	-	29 374 803	-	-	29 374 803	33 660 584	-	4 285 781	114.59	114.59
Retirement Benefit Liabilities	-	-	-	-	-	-	25 542 126	-	25 542 126	0.00	0.00
Non-current Provisions	22 038 268	-	22 038 268	-	-	22 038 268	3 764 035	-	(18 274 234)	17.08	17.08
Total Liabilities	76 820 158	-	76 820 158	-	-	76 820 158	107 850 788	-	31 030 630	140.39	140.39
Total Assets and Liabilities	1 034 195 720	-	1 034 195 720	-	-	1 034 195 720	930 252 330	-	(103 943 390)	89.95	89.95
Net Assets (Equity)											
Accumulated Surplus / (Deficit)	1 034 195 720	-	1 034 195 720	-	-	1 034 195 720	930 252 330	-	(103 943 390)	89.95	89.95
Total Net Assets	1 034 195 720	-	1 034 195 720	-	-	1 034 195 720	930 252 330	-	(103 943 390)	89.95	89.95

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
FINANCIAL PERFORMANCE											
Revenue from Non-exchange Transactions											
Property Rates	21 000 000	-	21 000 000	-	-	21 000 000	19 928 044	-	(1 071 956)	94.90	94.90
Fines	362 460	-	362 460	-	-	362 460	368 193	-	5 733	101.58	101.58
Licences and Permits	737 856	3 000	740 856	-	-	740 856	847 899	-	107 043	114.45	114.91
Income for Agency Services	1 530 317	320 000	1 850 317	-	-	1 850 317	2 036 111	-	185 794	110.04	133.05
Government Grants and Subsidies Received	55 960 000	2 972 955	58 932 955	-	-	58 932 955	37 661 991	-	(21 270 964)	63.91	67.30
Public Contributions and Donations	28 532 000	15 100 000	43 632 000	-	127 815	43 759 815	22 418 867	-	(21 340 948)	51.23	78.57
Revenue from Exchange Transactions											
Service Charges	162 358 164	30 186 869	192 545 033	-	-	192 545 033	146 411 260	-	(46 133 773)	76.04	90.18
Rental of Facilities and Equipment	2 017 566	300 000	2 317 566	-	-	2 317 566	1 736 965	-	(580 601)	74.95	86.09
Interest Earned - External Investments	1 000 000	-	1 000 000	-	-	1 000 000	145 488	-	(854 512)	14.55	14.55
Interest Earned - Outstanding Debtors	-	-	-	-	-	-	133 610	-	133 610	0.00	0.00
Other Income	5 033 307	1 240 018	6 273 325	-	-	6 273 325	3 338 352	-	(2 934 974)	53.22	66.33
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Profit on Sale of Land	15 000 000	24 000 000	39 000 000	-	-	39 000 000	2 993 348	-	(36 006 652)	7.68	19.96
Total Revenue	293 531 670	74 122 842	367 654 512	-	127 815	367 782 327	238 020 126	-	(129 762 201)	64.72	81.09
Expenditure											
Employee Related Costs	63 179 908	150 770	63 330 678	-	752 979	64 083 657	67 487 627	3 403 970	3 403 970	105.31	106.82
Remuneration of Councillors	2 341 798	-	2 341 798	-	17 319	2 359 117	2 367 938	8 821	8 821	100.37	101.12
Collection Costs	-	-	-	-	-	-	-	-	-	0.00	0.00
Depreciation and Amortisation	9 686 280	-	9 686 280	-	44 540 668	54 226 948	52 734 013	-	(1 492 935)	97.25	544.42
Impairment Losses	2 120 000	-	2 120 000	-	3 849 633	5 969 633	6 848 594	878 961	878 961	114.72	323.05
Repairs and Maintenance	13 473 866	3 018 580	16 492 446	-	(306 568)	16 185 878	15 312 175	-	(873 703)	94.60	113.64
Finance Costs	11 161 800	-	11 161 800	-	(7 058 000)	4 103 800	5 234 273	1 130 473	1 130 473	127.55	46.89
Bulk Purchases	48 879 942	10 500 000	59 379 942	-	8 082 308	67 462 250	69 793 820	2 331 570	2 331 570	103.46	142.79
Contracted Services	3 607 011	769 173	4 376 184	-	1 275 796	5 651 980	4 660 391	-	(991 589)	82.46	129.20
Grants and Subsidies Paid	11 397 915	3 985 335	15 383 250	-	-	15 383 250	13 063 392	-	(2 319 858)	84.92	114.61
General Expenses	24 289 790	(562 360)	23 727 430	-	(25 850)	23 701 580	24 097 141	395 561	395 561	101.67	99.21
Loss on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Expenditure	190 138 310	17 861 498	207 999 808	-	51 128 285	259 128 093	261 599 363	8 149 356	2 471 271	100.95	137.58
Surplus/(Deficit)	103 393 360	56 261 344	159 654 704	-	(51 000 470)	108 654 234	(23 579 237)	(8 149 356)	(132 233 472)	0.00	0.00
Transfers Recognised - Capital	-	-	-	-	-	-	30 695 437	30 695 437	30 695 437	0.00	0.00
Surplus/(Deficit for the Year)	103 393 360	56 261 344	159 654 704	-	(51 000 470)	108 654 234	7 116 200	22 546 081	(101 538 034)	6.55	6.88

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CAPITAL EXPENDITURE PER FUNCTION											
Executive and Council	1 581 000	-	1 581 000	-	(1 581 000)	-	-	-	-	0.00	0.00
Finance and Administration	8 909 363	(3 973 213)	4 936 150	-	(4 936 150)	-	-	-	-	0.00	0.00
Planning and Development	1 063 000	-	1 063 000	-	(1 063 000)	-	-	-	-	0.00	0.00
Health	18 000	-	18 000	-	(18 000)	-	-	-	-	0.00	0.00
Community and Social Services	3 887 400	(165 633)	3 721 767	-	(3 721 767)	-	-	-	-	0.00	0.00
Housing	6 000 000	2 492 060	8 492 060	-	(8 492 060)	-	-	-	-	0.00	0.00
Public Safety	5 035 000	-	5 035 000	-	(5 035 000)	-	-	-	-	0.00	0.00
Sport and Recreation	36 411 155	(30 390 155)	6 021 000	-	(6 021 000)	-	-	-	-	0.00	0.00
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00
Waste Management	40 889 000	48 265 400	89 154 400	-	(89 154 400)	-	-	-	-	0.00	0.00
Roads and Transport	17 247 000	2 117 940	19 364 940	-	(19 364 940)	-	-	-	-	0.00	0.00
Water	11 605 000	(2 889 929)	8 715 071	-	(8 715 071)	-	-	-	-	0.00	0.00
Electricity	4 822 000	6 730 356	11 552 356	-	(11 552 356)	-	-	-	-	0.00	0.00
Other	-	-	-	-	-	-	-	-	-	0.00	0.00
Total Capital Expenditure	137 467 918	22 186 826	159 654 744	-	(159 654 744)	-	-	-	-	0.00	0.00

30 June 2013

Description	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	R	R	R	R
CASH FLOW											
Cash Flows from/(used in) Operating Activities											
Property Rates	21 000 000	-	21 000 000	-	-	21 000 000	18 293 086	-	(2 706 914)	87.11	87.11
Grants	122 247 957	(21 612 289)	100 635 668	-	-	100 635 668	66 166 629	-	(34 469 039)	65.75	54.12
Public Contributions and Donations	-	-	-	-	-	-	22 418 867	22 418 867	22 418 867	0.00	0.00
Service Charges	162 560 524	30 273 205	192 833 729	-	-	192 833 729	142 480 153	-	(50 353 576)	73.89	87.65
Interest Received	500 000	-	500 000	-	-	500 000	279 098	-	(220 902)	55.82	55.82
Other Receipts	10 861 476	(30 273 205)	(19 411 729)	-	-	(19 411 729)	7 013 760	26 425 489	26 425 489	0.00	64.57
Employee Related Costs	(63 179 908)	(150 770)	(63 330 678)	-	-	(63 330 678)	(61 745 215)	1 585 463	1 585 463	0.00	0.00
Remuneration of Councillors	(2 341 798)	-	(2 341 798)	-	-	(2 341 798)	(2 367 938)	-	(26 140)	0.00	0.00
Interest Paid	(11 161 800)	-	(11 161 800)	-	-	(11 161 800)	(5 234 273)	5 927 527	5 927 527	0.00	0.00
Suppliers Paid	(108 846 494)	150 770	(108 695 724)	-	-	(108 695 724)	(89 595 492)	19 100 232	19 100 232	0.00	0.00
Other Payments	-	-	-	-	-	-	(39 544 021)	-	(39 544 021)	0.00	0.00
Cash Flows from/(used in) Investing Activities											
Purchase of Property, Plant and Equipment	(129 170 000)	-	(129 170 000)	-	-	(129 170 000)	(69 345 340)	59 824 660	59 824 660	0.00	0.00
Purchase of Intangible Assets	-	-	-	-	-	-	(429 190)	-	(429 190)	0.00	0.00
Purchase of Investment Property	-	-	-	-	-	-	(2 247 000)	-	(2 247 000)	0.00	0.00
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	19 936 948	19 936 948	19 936 948	0.00	0.00
Profit on Sale of Land	-	-	-	-	-	-	-	-	-	0.00	0.00
Decrease / (Increase) in Long-term Receivables	24 000 000	-	24 000 000	-	-	24 000 000	-	-	(24 000 000)	0.00	0.00
Cash Flows from/(used in) Financing Activities											
Loans repaid	(10 422 793)	-	(10 422 793)	-	-	(10 422 793)	(3 754 155)	6 668 638	6 668 638	0.00	0.00
Cash and Cash Equivalents at End of the Year	16 047 164	(21 612 289)	(5 565 125)	-	-	(5 565 125)	(11 343 343)	161 887 823	(5 778 218)	0.00	0.00
							(0)				

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2013/14		2012/13
	R		R
Net surplus/(deficit) per the statement of financial performance	44 853 883		7 116 200
Revenue from Non-exchange Transactions			
Property Rates	671 395		1 071 956
Fines	(593 653)		(5 733)
Licences and Permits	(272 217)		(110 043)
Revenue for Agency Services	(521 687)		(505 794)
Government Grants and Subsidies Received	55 950 600		(12 397 428)
Public Contributions and Donations	12 135 570		6 113 133
Revenue from Exchange Transactions			
Service Charges	(2 074 034)		15 946 904
Rental of Facilities and Equipment	44 128		280 601
Interest Earned - External Investments	(107 177)		854 512
Other Revenue	(2 480 887)		1 694 955
Profit on Sale of Land	8 500 000		12 006 652
Expenditure			
Employee Related Costs	8 869 974		4 307 719
Remuneration of Councillors	(115 388)		26 140
Collection Costs	-		-
Depreciation and Amortisation	44 580 862		43 047 733
Impairment Losses	7 487 214		4 728 594
Repairs and Maintenance	(1 491 730)		1 838 309
Finance Costs	304 864		(5 927 527)
Bulk Purchases	(341 165)		20 913 878
Contracted Services	(1 245 410)		1 053 380
Grants and Subsidies Paid	(9 118 106)		1 665 477
General Expenses	(5 363 342)		(192 649)
Loss on Disposal of Property, Plant and Equipment	525 392		-
Net surplus/deficit per approved budget	160 060 187		103 393 360

APPENDIX A
GAMAGARA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2014

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2013	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2014
ANNUITY LOANS	R				R	R	R	R
DBSA 61000317	5 842 000	10.76%	61000317	30/06/2015	1 809 869.88	-	857 481.60	952 388.28
DBSA 61000367	24 000 000	8.63%	61000367	30/06/2021	16 235 639.40	-	1 482 457.52	14 753 181.88
DBSA 61006899	10 269 085	9.56%	61006899	30/06/2021	8 905 315.65	-	785 191.75	8 120 123.90
DBSA 61006937	12 247 722	11.06%	61006937	30/06/2021	10 721 755.29	-	886 865.42	9 834 889.87
Total Annuity Loans	52 358 807				37 672 580.22	-	4 011 996.29	33 660 583.93
TOTAL EXTERNAL LOANS	52 358 807				37 672 580	-	4 011 996	33 660 584

APPENDIX B
GAMAGARA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Disposals	Closing Balance	Value
Land and Buildings	R	R	R	R	R	R	R	R	R	R	R	R
Land:	49 295 278					49 295 278	-				-	49 295 278
Buildings:	82 508 161	3 087 127				85 595 288	18 529 020	4 163 302			22 692 322	62 902 966
	131 803 439	3 087 127	-	-	-	134 890 566	18 529 020	4 163 302	-	-	22 692 322	112 198 244
Infrastructure												
Electricity:	222 627 708		27 195 481			249 823 189	99 474 687	7 847 964			107 322 651	142 500 538
Roads and Transport:	388 670 804		20 126 979	93 377		408 891 159	194 579 007	10 786 607			205 365 614	203 525 545
Sanitation:	247 979 328		14 498 481	13 589 871		276 067 680	131 749 309	7 702 956			139 452 265	136 615 415
Sewerage:	18 641 801	532 394	11 991 442			31 165 637	9 226	462 605			471 831	30 693 806
Water:	326 984 079	209 063	19 367 790	(13 683 248)		332 877 684	155 943 175	14 332 384			170 275 559	162 602 125
	1 204 903 720	741 457	93 180 173	-	-	1 298 825 349	581 755 404	41 132 516	-	-	622 887 920	675 937 429
Community Assets												
	122 357 363		3 903 317			126 260 680	39 376 437	6 624 930			46 001 366	80 259 314
	122 357 363	-	3 903 317	-	-	126 260 680	39 376 437	6 624 930	-	-	46 001 366	80 259 314
Other Assets												
	22 977 975	1 114 756			(1 092 025)	23 000 706	5 488 060	2 467 861	340 433	(566 632)	7 729 722	15 270 984
	22 977 975	1 114 756	-	-	(1 092 025)	23 000 706	5 488 060	2 467 861	340 433	(566 632)	7 729 722	15 270 984
Total	1 482 042 497	4 943 339	97 083 490	-	(1 092 025)	1 582 977 301	645 148 921	54 388 608	340 433	(566 632)	699 311 330	883 665 970

GAMAGARA MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
Investment Properties	R	R	R	R	R	R	R	R	R	R	R	R
Land & Buildings	164 153 596	-	-	-	(1 187 000)	162 966 596	-	-	-	-	-	162 966 596
	164 153 596	-	-	-	(1 187 000)	162 966 596	-	-	-	-	-	162 966 596

GAMAGARA MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2014

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Value
Intangible Assets	R	R	R	R	R	R	R	R	R	R	R	R
Computer Software	1 575 985	278 339	-	-	-	1 854 324	389 132	331 806	-	-	720 938	1 133 386
	1 575 985	278 339	-	-	-	1 854 324	389 132	331 806	-	-	720 938	1 133 386
Total Asset Register	1 647 772 078	5 221 677	97 083 490	-	(2 279 025)	1 747 798 220	645 538 053	54 720 414	340 433	(566 632)	700 032 268	1 047 765 952

APPENDIX D
GAMAGARA MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

2013 Actual Income	2013 Actual Expenditure	2013 Surplus/ (Deficit)	Description	2014 Actual Income	2014 Actual Expenditure	2014 Surplus/ (Deficit)
R	R	R		R	R	R
21 503 855	24 171 356	(2 667 501)	<i>Vote 1 - Executive & Council</i>	21 872 769	30 438 058	(8 565 289)
22 773 618	18 144 381	4 629 237	<i>Vote 2 - Budget & Treasury Office</i>	26 627 913	21 172 071	5 455 843
117 950	13 353 925	(13 235 975)	<i>Vote 3 - Corporate Service</i>	2 745	10 646 772	(10 644 027)
16 601 033	41 535 115	(24 934 082)	<i>Vote 4 - Community Service</i>	21 267 691	45 483 926	(24 216 236)
1 349 512	5 674 774	(4 325 263)	<i>Vote 5 - Shared Service</i>	195 268	8 962 210	(8 766 943)
206 369 595	158 719 812	47 649 783	<i>Vote 6 - Technical Service</i>	261 240 369	169 649 834	91 590 535
268 715 564	261 599 363	7 116 200	Total	331 206 755	286 352 872	44 853 883
-	-	0.00		-	-	-

APPENDIX E(1)
GAMAGARA MUNICIPALITY

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE - STANDARD															
Governance and Administration:															
Executive and Council	21 693 000	-	21 693 000	-	-	21 693 000	21 872 769	-	179 769	100.83	100.83				21 503 855
Budget and Treasury Office	25 065 491	2 650 800	27 716 291	-	-	27 716 291	26 627 913	-	(1 088 378)	96.07	106.23				22 773 618
Corporate Services	-	-	-	-	(104 825)	(104 825)	2 745	-	107 570	0.00	0.00				117 950
Community and Public Safety:															
Community and Social Services	594 617	98 666	693 283	-	-	693 283	3 200 584	-	2 507 301	461.66	538.26				1 778 855
Sport and Recreation	4 642 250	(4 625 000)	17 250	-	-	17 250	458	-	(16 792)	2.65	0.01				(4 035)
Public Safety	2 979 979	(190 000)	2 789 979	-	-	2 789 979	4 352 556	-	1 562 577	156.01	146.06				3 270 176
Housing	59 147 076	(5 531 785)	53 615 291	-	-	53 615 291	5 415 982	-	(48 199 309)	10.10	9.16				16 766 493
Health	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Economic and Environmental Services:															
Planning and Development	45 576	-	45 576	-	-	45 576	47 307	-	1 731	103.80	103.80				21 147
Road Transport	21 699 989	(4 332 190)	17 367 799	-	-	17 367 799	24 001 581	-	6 633 782	138.20	110.61				9 040 747
Environmental Protection	1 909	-	1 909	-	-	1 909	5 861	-	3 952	307.02	307.02				6 337
Trading Services:															
Electricity	110 870 366	8 719 763	119 590 129	-	-	119 590 129	118 602 347	-	(987 782)	99.17	106.97				95 553 478
Water	72 646 138	12 062 400	84 708 538	-	-	84 708 538	62 115 486	-	(22 593 052)	73.33	85.50				37 053 679
Waste Water Management	57 685 621	2 793 819	60 479 440	-	-	60 479 440	51 104 974	-	(9 374 466)	84.50	88.59				47 955 199
Waste Management	10 645 339	2 661 945	13 307 284	-	-	13 307 284	13 708 233	-	400 949	103.01	128.77				11 549 700
Other:															
Tourism	6 898 950	(6 500 000)	398 950	-	-	398 950	147 961	-	(250 989)	37.09	2.14				1 328 364
Total Revenue - Standard	394 616 301	7 808 418	402 424 719	-	(104 825)	402 319 894	331 206 755	-	(71 113 139)	82.32	83.93	-	-	-	268 715 564
EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	17 357 716	(1 226 833)	16 130 883	-	-	16 130 883	30 438 058	-	14 307 175	188.69	175.36				24 171 356
Budget and Treasury Office	17 574 884	2 142 479	19 717 363	-	-	19 717 363	21 172 071	-	1 454 708	107.38	120.47				18 144 381
Corporate Services	12 416 575	2 121 644	14 538 219	-	(104 825)	14 433 394	10 646 772	-	(3 786 622)	73.76	85.75				13 353 925
Community and Public Safety:															
Community and Social Services	6 822 787	262 586	7 085 373	-	-	7 085 373	6 696 779	-	(388 594)	94.52	98.15				12 482 285
Sport and Recreation	7 008 485	-	7 008 485	-	-	7 008 485	11 563 623	-	4 555 138	164.99	164.99				9 120 287
Public Safety	4 899 039	-	4 899 039	-	-	4 899 039	5 412 076	-	513 037	110.47	110.47				5 539 460
Housing	6 314 932	6 751 182	13 066 114	-	-	13 066 114	5 167 880	-	(7 898 234)	39.55	81.84				8 858 193
Health	-	-	-	-	-	-	-	-	-	0.00	0.00				-
Economic and Environmental Services:															
Planning and Development	3 789 108	846 072	4 635 180	-	-	4 635 180	2 327 426	-	(2 307 754)	50.21	61.42				1 315 021
Road Transport	12 638 963	1 212 112	13 851 075	-	-	13 851 075	15 641 685	-	1 790 610	112.93	123.76				17 378 659
Environmental Protection	1 621 102	85 414	1 706 516	-	-	1 706 516	2 083 254	-	376 738	122.08	128.51				1 694 608
Trading Services:															
Electricity	68 852 256	12 044 329	80 896 585	-	-	80 896 585	90 550 646	-	9 654 061	111.93	131.51				81 073 181
Water	21 199 394	2 056 554	23 255 948	-	-	23 255 948	35 551 473	-	12 295 525	152.87	167.70				34 071 333
Waste Water Management	11 529 907	328 160	11 858 067	-	-	11 858 067	22 738 151	-	10 880 084	191.75	197.21				17 338 446
Waste Management	13 535 177	-	13 535 177	-	-	13 535 177	19 728 196	-	6 193 019	145.75	145.75				12 698 475
Other:															
Tourism	9 027 895	1 152 613	10 180 508	-	-	10 180 508	6 634 785	-	(3 545 723)	65.17	73.49				4 359 753
Total Expenditure - Standard	214 588 220	27 776 312	242 364 532	-	(104 825)	242 259 707	286 352 872	-	44 093 165	118.20	133.44	-	-	-	261 599 363
Surplus/(Deficit) for the year	180 028 081	(19 967 894)	160 060 187	-	-	160 060 187	44 853 883	-	(115 206 304)	28.02	24.91	-	-	-	7 116 200

APPENDIX E (2)
GAMAGARA MUNICIPALITY

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
REVENUE BY VOTE															
Vote 1 - EXECUTIVE AND COUNCIL	21 693 000	-	21 693 000	-	-	21 693 000	21 872 769	-	179 769	100.83	100.83				21 503 855
Vote 2 - BUDGET & TREASURY OFFICE	25 065 491	2 650 800	27 716 291	-	-	27 716 291	26 627 913	-	(1 088 378)	96.07	106.23				22 773 618
Vote 3 - CORPORATE SERVICES	-	-	-	-	(104 825)	(104 825)	2 745	-	107 570	0.00	0.00				117 950
Vote 4 - COMMUNITY SERVICES	18 864 094	(2 054 389)	16 809 705	-	-	16 809 705	21 267 691	-	4 457 986	126.52	112.74				16 601 033
Vote 5 - SHARED SERVICES	6 944 526	(6 500 000)	444 526	-	-	444 526	195 268	-	(249 258)	43.93	2.81				1 349 512
Vote 6 - TECHNICAL SERVICES	322 049 190	13 712 007	335 761 197	-	-	335 761 197	261 240 369	-	(74 520 828)	77.81	81.12				206 369 595
Total Revenue by Vote	394 616 301	7 808 418	402 424 719	-	(104 825)	402 319 894	331 206 755	-	(71 113 139)	82.32	83.93	-	-	-	268 715 564
EXPENDITURE BY VOTE															
Vote 1 - EXECUTIVE AND COUNCIL	17 357 716	(1 226 833)	16 130 883	-	-	16 130 883	30 438 058	-	14 307 175	188.69	175.36				24 171 356
Vote 2 - BUDGET & TREASURY OFFICE	17 574 884	2 142 479	19 717 363	-	-	19 717 363	21 172 071	-	1 454 708	107.38	120.47				18 144 381
Vote 3 - CORPORATE SERVICES	12 416 575	2 121 644	14 538 219	-	(104 825)	14 433 394	10 646 772	-	(3 786 622)	73.76	85.75				13 353 925
Vote 4 - COMMUNITY SERVICES	33 886 590	348 000	34 234 590	-	-	34 234 590	45 483 926	-	11 249 336	132.86	134.22				41 535 115
Vote 5 - SHARED SERVICES	12 817 003	1 998 685	14 815 688	-	-	14 815 688	8 962 210	-	(5 853 478)	60.49	69.92				5 674 774
Vote 6 - TECHNICAL SERVICES	120 535 452	22 392 337	142 927 789	-	-	142 927 789	169 649 834	-	26 722 045	118.70	140.75				158 719 812
Total Expenditure by Vote	214 588 220	27 776 312	242 364 532	-	(104 825)	242 259 707	286 352 872	-	44 093 165	118.20	133.44	-	-	-	261 599 363
Surplus/(Deficit) for the year	180 028 081	(19 967 894)	160 060 187	-	-	160 060 187	44 853 883	-	(115 206 304)	28.02	24.91	-	-	-	7 116 200

APPENDIX E (3)
GAMAGARA MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14											2012/13			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Revenue by Source															
Property Rates	21 344 000	2 950 800	24 294 800	-	-	24 294 800	23 623 405	-	(671 395)	97.24	110.68	-	-	-	19 928 044
Service Charges - Electricity	96 845 101	4 819 763	101 664 864	-	-	101 664 864	89 820 749	-	(11 844 115)	88.35	92.75	-	-	-	71 535 132
Service Charges - Water	39 071 889	-	39 071 889	-	(68 364)	39 003 525	46 002 692	-	6 999 167	117.94	117.74	-	-	-	28 713 179
Service Charges - Sanitation	11 597 781	2 066 104	13 663 885	-	(22 788)	13 641 097	11 435 048	-	(2 206 049)	83.83	98.60	-	-	-	10 268 840
Service Charges - Refuse	10 616 570	2 661 945	13 278 515	-	(13 673)	13 264 842	13 700 091	-	435 249	103.28	129.04	-	-	-	11 495 872
Service Charges - Other	35 000 000	5 000 000	40 000 000	-	-	40 000 000	48 689 782	-	8 689 782	121.72	139.11	-	-	-	24 398 237
Rental of Facilities and Equipment	2 173 957	(1 500 000)	673 957	-	-	673 957	629 829	-	(44 128)	93.45	28.97	-	-	-	1 736 965
Interest Earned - External Investments	500 000	(300 000)	200 000	-	-	200 000	307 177	-	107 177	153.59	61.44	-	-	-	145 488
Fines	371 551	(190 000)	181 551	-	-	181 551	775 204	-	593 653	426.99	208.64	-	-	-	368 193
Licences and Permits	782 872	-	782 872	-	-	782 872	1 055 089	-	272 217	134.77	134.77	-	-	-	847 899
Agency Services	1 953 935	-	1 953 935	-	-	1 953 935	2 475 622	-	521 687	126.70	126.70	-	-	-	2 036 111
Transfers Recognised - Operational	(78 906 984)	(198 634 483)	(277 541 467)	-	-	(277 541 467)	60 183 103	-	337 724 570	0.00	0.00	-	-	-	90 776 295
Other Revenue	2 770 478	727 715	3 498 193	-	-	3 498 193	5 979 080	-	2 480 887	170.92	215.81	-	-	-	3 338 352
Gains on Disposal of PPE	15 000 000	(6 500 000)	8 500 000	-	-	8 500 000	-	-	(8 500 000)	0.00	0.00	-	-	-	2 993 348
Total Revenue (excluding Capital Transfers & Contributions)	159 121 150	(188 898 156)	(29 777 006)	-	(104 825)	(29 881 831)	304 815 769	-	334 697 600	0.00	191.56	-	-	-	268 715 564
Expenditure															
Employee Related Costs	67 888 515	7 178 000	75 066 515	-	-	75 066 515	83 936 489	8 869 974	8 869 974	111.82	123.64	-	-	-	67 487 627
Remuneration of Councillors	2 504 554	248 086	2 752 640	-	-	2 752 640	2 637 252	-	(115 388)	95.81	105.30	-	-	-	2 367 938
Debt Impairment	2 236 600	-	2 236 600	-	-	2 236 600	9 383 381	7 146 781	7 146 781	419.54	419.54	-	-	-	6 848 594
Depreciation and Asset Impairment	10 139 553	-	10 139 553	-	-	10 139 553	55 060 848	44 921 295	44 921 295	543.03	543.03	-	-	-	52 734 013
Finance Charges	3 037 366	641 320	3 678 686	-	-	3 678 686	3 983 550	304 864	304 864	108.29	131.15	-	-	-	5 234 273
Bulk Purchases	64 090 037	18 400 000	82 490 037	-	-	82 490 037	82 148 872	-	(341 165)	99.59	128.18	-	-	-	69 793 820
Other Materials	17 339 413	(5 061 911)	12 277 502	-	-	12 277 502	10 785 772	-	(1 491 730)	87.85	62.20	-	-	-	15 312 175
Contracted Services	5 326 869	820 000	6 146 869	-	-	6 146 869	4 901 459	-	(1 245 410)	79.74	92.01	-	-	-	4 660 391
Transfers and Grants	11 746 423	6 751 182	18 497 605	-	-	18 497 605	9 379 499	-	(9 118 106)	50.71	79.85	-	-	-	13 063 392
Other Expenditure	30 278 890	(1 200 365)	29 078 525	-	(104 825)	28 973 700	23 610 358	-	(5 363 342)	81.49	77.98	-	-	-	24 097 141
Loss on Disposal of PPE	-	-	-	-	-	-	525 392	525 392	525 392	0.00	0.00	-	-	-	-
Total Expenditure	214 588 220	27 776 312	242 364 532	-	(104 825)	242 259 707	286 352 872	61 768 305	44 093 165	118.20	133.44	-	-	-	261 599 363
Surplus/(Deficit)	(55 467 070)	(216 674 468)	(272 141 538)	-	-	(272 141 538)	18 462 897	(61 768 305)	290 604 435	0.00	0.00	-	-	-	7 116 200
Transfers Recognised - Capital	235 495 151	196 706 574	432 201 725	-	-	432 201 725	26 390 986	-	(405 810 739)	6.11	11.21	-	-	-	-
Surplus/(Deficit) for the Year	180 028 081	(19 967 894)	160 060 187	-	-	160 060 187	44 853 883	(61 768 305)	(115 206 304)	28.02	24.91	-	-	-	7 116 200

APPENDIX E(4)
GAMAGARA MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14										2012/13				
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
CAPITAL EXPENDITURE - VOTE	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Multi-year Expenditure															
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-			-	-	0.00	0.00	-	-	-	-
Vote 2 - BUDGET & TREASURY OFFICE		-	-	-	-			-	-	0.00	0.00	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-			-	-	0.00	0.00	-	-	-	-
Vote 4 - COMMUNITY SERVICES	6 125 000	(5 125 000)	1 000 000	-	-	1 000 000	637 527	-	(362 473)	63.75	10.41	-	-	-	-
Vote 5 - SHARED SERVICES	5 600 000	(5 000 000)	600 000	-	-	600 000	382 516	-	(217 484)	63.75	6.83	-	-	-	-
Vote 6 - TECHNICAL SERVICES	70 028 000	(4 645 000)	65 383 000	-	-	65 383 000	41 683 447	-	(23 699 553)	63.75	59.52	-	-	-	-
Total Capital Expenditure - Multi-year	81 753 000	(14 770 000)	66 983 000	-	-	66 983 000	42 703 491	-	(24 279 509)	63.75	52.23	-	-	-	-
Single-year Expenditure															
Vote 1 - EXECUTIVE AND COUNCIL	50 000	158 189	208 189	-	-	208 189	324 742	-	116 553	155.98	649.48	-	-	-	-
Vote 2 - BUDGET & TREASURY OFFICE	271 350	(96 000)	175 350	-	-	175 350	182 170	-	6 820	103.89	67.13	-	-	-	-
Vote 3 - CORPORATE SERVICES	2 588 000	(1 412 561)	1 175 439	-	-	1 175 439	749 374	-	(426 065)	63.75	28.96	-	-	-	-
Vote 4 - COMMUNITY SERVICES	11 140 262	(5 875 062)	5 265 200	-	-	5 265 200	3 356 709	-	(1 908 491)	63.75	30.13	-	-	-	-
Vote 5 - SHARED SERVICES	216 000	380 000	596 000	-	-	596 000	379 966	-	(216 034)	63.75	175.91	-	-	-	-
Vote 6 - TECHNICAL SERVICES	84 011 531	1 645 531	85 657 062	-	-	85 657 062	54 608 715	-	(31 048 347)	63.75	65.00	-	-	-	-
Total Capital Expenditure - Single-year	98 277 143	(5 199 903)	93 077 240	-	-	93 077 240	59 601 676	-	(33 475 564)	64.03	60.65	-	-	-	-
Total Capital Expenditure - Vote	180 030 143	(19 969 903)	160 060 240	-	-	160 060 240	102 305 167	-	(57 755 073)	63.92	56.83	-	-	-	-
CAPITAL EXPENDITURE - STANDARD															
Governance and Administration:															
Executive and Council	50 000	158 189	208 189	-	-	208 189	324 742	116 553	116 553	155.98	649.48	-	-	-	-
Budget and Treasury Office	271 350	(96 000)	175 350	-	-	175 350	182 170	6 820	6 820	103.89	67.13	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Community and Public Safety:															
Community and Social Services	2 350 000	(1 000 000)	1 350 000	-	-	1 350 000	342 171	-	(1 007 829)	25.35	14.56	-	-	-	-
Sport and Recreation	14 115 000	(12 405 000)	1 710 000	-	-	1 710 000	530 523	-	(1 179 478)	31.02	3.76	-	-	-	-
Public Safety	763 762	(615 062)	148 700	-	-	148 700	17 665	-	(131 035)	11.88	2.31	-	-	-	-
Housing	42 331 551	(4 900 000)	37 431 551	-	-	37 431 551	6 076 902	-	(31 354 649)	16.23	14.36	-	-	-	-
Health	56 500	-	56 500	-	-	56 500	11 629	-	(44 871)	20.58	20.58	-	-	-	-
Economic and Environmental Services:															
Planning and Development	2 883 000	(598 750)	2 284 250	-	-	2 284 250	376 857	-	(1 907 393)	16.50	13.07	-	-	-	-
Road Transport	20 563 480	(5 035 000)	15 528 480	-	-	15 528 480	20 126 979	4 598 499	4 598 499	129.61	97.88	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Trading Services:															
Electricity	8 793 200	(1 530 000)	7 263 200	-	-	7 263 200	27 211 946	19 948 746	19 948 746	374.66	309.47	-	-	-	-
Water	37 161 300	10 471 463	47 632 763	-	-	47 632 763	17 744 245	-	(29 888 518)	37.25	47.75	-	-	-	-
Waste Water Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	48 103 000	(3 007 092)	45 095 908	-	-	45 095 908	28 928 528	-	(16 167 380)	64.15	60.14	-	-	-	-
Other:															
Tourism	2 588 000	(1 412 651)	1 175 349	-	-	1 175 349	430 812	-	(744 537)	36.65	16.65	-	-	-	-
Total Capital Expenditure - Standard	180 030 143	(19 969 903)	160 060 240	-	-	160 060 240	102 305 167	24 670 617	(57 755 073)	63.92	56.83	-	-	-	-
FUNDED BY:															
National Government	39 215 000	-	39 215 000	-	-	39 215 000	18 423 001	-	(20 791 999)	46.98	46.98	-	-	-	-
Provincial Government	34 839 200	(100 000)	34 739 200	-	-	34 739 200	7 323 796	-	(27 415 404)	21.08	21.02	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Other Transfers and Grants	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Transfers Recognised - Capital	74 054 200	(100 000)	73 954 200	-	-	73 954 200	25 746 797	-	(48 207 403)	34.81	34.77	-	-	-	-
Public Contributions & Donations	49 220 000	(6 057 600)	43 162 400	-	-	43 162 400	26 069 893	-	(17 092 507)	60.40	52.97	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	-	-
Internally Generated Funds	56 755 943	(13 812 303)	42 943 640	-	-	42 943 640	50 488 477	7 544 837	7 544 837	117.57	88.96	-	-	-	-
Total Capital Funding	180 030 143	(19 969 903)	160 060 240	-	-	160 060 240	102 305 167	7 544 837	(57 755 073)	63.92	56.83	-	-	-	-

APPENDIX E(5)
GAMAGARA MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

Description	2013/14								2012/13
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	R	R	R	R	R	R	R	R	R
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Ratepayers and Other	263 612 000	12 764 165	276 376 165	276 376 165	276 245 136	(131 029)	99.95	104.79	190 205 867
Government - Operating	(128 126 984)	(192 739 693)	(320 866 677)	(320 866 677)	28 989 242				35 471 191
Government - Capital	235 495 151	196 706 574	432 201 725	432 201 725	26 390 986	(405 810 739)	6.11	11.21	30 695 437
Interest	500 000	(300 000)	200 000	200 000	446 076	246 076	223.04	89.22	279 098
Payments									
Suppliers and Employees	(167 732 368)	(15 417 662)	(183 150 030)	(183 150 030)	(212 022 507)	(28 872 477)	0.00	0.00	(180 189 274)
Finance Charges	(3 022 366)	(656 320)	(3 678 686)	(3 678 686)	(3 983 550)	(304 864)	0.00	0.00	(5 234 273)
Transfers and Grants	(11 746 423)	(6 751 182)	(18 497 605)	(18 497 605)	(9 379 499)	9 118 106	0.00	0.00	(13 063 392)
NET CASH FROM / (USED) OPERATING ACTIVITIES	188 979 010	(6 394 118)	182 584 892	182 584 892	106 685 883	(425 754 928)	58.43	56.45	58 164 654
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on Disposal of PPE	15 000 000	(6 500 000)	8 500 000	8 500 000	-	(8 500 000)	0.00	0.00	19 936 948
Decrease / (Increase) in Non-current Debtors	10 400 000	-	10 400 000	10 400 000	-	(10 400 000)	0.00	0.00	-
Payments									
Capital Assets	(153 025 500)	16 975 000	(136 050 500)	(136 050 500)	(102 305 167)	33 745 333	0.00	0.00	(85 690 789)
NET CASH FROM / (USED) INVESTING ACTIVITIES	(127 625 500)	10 475 000	(117 150 500)	(117 150 500)	(102 305 167)	14 845 333	0.00	0.00	(65 753 841)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
New Loans raised	-	-	-	-	-	-	0.00	0.00	-
Payments									
Loans repaid	(3 022 000)	(656 320)	(3 678 320)	(3 678 320)	(4 011 996)	(333 676)	0.00	0.00	(3 754 155)
NET CASH FROM / (USED) FINANCING ACTIVITIES	(3 022 000)	(656 320)	(3 678 320)	(3 678 320)	(4 011 996)	(333 676)	0.00	0.00	(3 754 155)
NET INCREASE / (DECREASE) IN CASH HELD	3 022 000	656 320	3 678 320	3 678 320	4 011 996				3 754 155
Cash / Cash Equivalents at the Year begin:	(58 331 510)	(3 424 562)	(61 756 072)	(61 756 072)	(368 720)	61 387 352	0.00	0.00	11 343 343
Cash / Cash Equivalents at the Year end:	28 475 000	-	28 475 000	28 475 000	(20 412 412)	(48 887 412)	0.00	0.00	(9 069 070)
	86 806 510	3 424 562	90 231 072	90 231 072	(20 043 692)	(110 274 764)	0.00	0.00	(20 412 412)

APPENDIX F
GAMAGARA MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipal Entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
		Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec	March	June		Yes / No	
Equitable Share	Nat Treasury	8 835 000	7 068 000	5 300 000	0	136 955	388 372	587 525	645 931	N/A	N/A	N/A	N/A	N/A	Yes	N/A
FMG	Nat Treasury	1 550 000	0	0	0	0	1 550 000	0	0	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Cogsta	Province	0	0	432 583	925 219	422 357	432 583	120 503	1 964 282	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Housing	Province	0	1 713 821	1 221 676	0	2 115 097	939 734	890 078	851 645	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MIG Projects	MIG	4 481 000	0	6 542 000	0	1 200 713	3 419 208	1 699 283	4 703 796	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MWIG	DWAF	2 896 000	2 896 000	0	0	0	1 848 320	857 600	2 490 893	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWAF O & M	DWAF	437 318	1 533 167	600 218	0	76 908	1 344 883	650 367	0	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DME Projects	DME	4 400 000	2 000 000	0	0	0	0	1 093 246	5 306 754	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSIG	DPLG	890 000	0	0	0	32 291	857 709	0	0	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EPWP Incentive Grant	Province	400 000	300 000	300 000	0	1 000 000	0	0	0	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Sport & Recreation	Province	0	247 500	247 500	0	45 084	34 090	53 085	117 237	N/A	N/A	N/A	N/A	N/A	Yes	N/A
Total Grants and Subsidies Received		23 889 318	15 758 488	14 643 977	925 219	5 029 404	10 814 899	5 951 686	16 080 538	-	-	-	-			
(*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act?																

APPENDIX G
GAMAGARA MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2014

Incumbent	Basic Salaries	Acting allowance	Bonuses	Other Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	UIF & SDL levies	Any Other Benefits	Total Remuneration
	R		R	R	R	R	R	R	R	R	R	R
Mayor												
Moyo D.P.	488 571	-	-	43 871	-	-	46 149	-	-	-	-	578 591
Diniza M.M.	105 334	-	-	4 968	-	-	24 289	-	-	-	-	134 591
Other Councillors												
Vos G.	141 848	-	-	65 053	-	-	17 732	-	-	-	-	224 633
Tiroyame T.E.	125 123	-	-	65 053	18 518	-	15 679	-	-	-	-	224 372
Gorrah V.L.	141 191	-	-	66 059	-	-	17 505	-	-	-	-	224 755
Obuseng I.	91 894	-	-	40 999	-	-	-	-	-	-	-	132 893
Selonyane P.	140 122	-	-	65 053	-	-	18 947	-	-	-	-	224 122
Kaars J.C.	140 964	-	-	65 053	-	-	17 732	-	-	-	-	223 749
Hantise O.E.	120 385	-	-	65 053	-	-	39 317	-	-	-	-	224 756
van den Heever F.	139 749	-	-	64 136	-	-	18 947	-	-	-	-	222 832
Johnson J.	131 936	-	-	65 053	15 736	-	16 378	-	-	-	-	229 103
Municipal Manager												
Itumeleng T.C.	807 534		90 590	267 200	-	-	-	-	-	10 978	75	1 176 377
Chief Financial Officer												
Grond N.M.	588 434		69 231	281 746	-	-	-	-	-	10 104	75	949 590
Director: Community Services												
Apools-Sebogodi R.C.	658 100		54 790	267 200	-	-	-	-	-	11 179	75	991 344
Director: Corporate Services												
Seetile L.	598 100		10 958	14 400	-	-	-	-	-	7 562	57	631 077
Phuti C.M. (Acting)	86 154	34 218	18	33 414	5 348		15 508			2 060	-	176 720
Director: Infrastructure												
Ositang K.N.	598 930		65 748	268 787	12 986	-	15 792	-	-	10 436	75	972 755
Director: Strategic Services												
Leserwane K.P.	598 100		10 958	12 800	-	-	-	-	-	7 601	57	629 517
Total for Management	5 702 472	34 218	302 292	1 755 900	52 588	-	263 973	-	-	59 919	416	8 171 778

APPENDIX G
GAMAGARA MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2013

Incumbent	Basic Salaries	Acting allowance	Bonuses	Allowances	Contributions to Funds	Other Short-term Benefits	Post-employment Benefits	Termination Benefits	Other Long-term Benefits	UIF & SDL levies	Any Other Benefits	Total Remuneration
	R		R	R	R	R	R	R	R	R	R	R
Mayor												
Diniza M.M.	513 621		-	81 237	17 280	-	73 963	-	-	-	-	686 100
Other Councillors												
Vos G.	156 162	-	-	57 205	-	-	21 524	-	-	-	-	234 891
Tiroyame T.E.	148 962	-	-	57 205	18 150	-	20 444	-	-	-	-	244 761
Gorrah V.L.	130 038	-	-	57 135	-	-	18 685	-	-	-	-	205 858
Moyo D.P.	152 707	-	-	57 135	-	-	22 085	-	-	-	-	231 927
Selonyane P.	152 707	-	-	57 135	-	-	23 445	-	-	-	-	233 287
Kaars J.C.	152 705	-	-	57 135	-	-	22 085	-	-	-	-	231 925
Hantise O.E.	145 792	-	-	57 178	14 400	-	21 869	-	-	-	-	239 239
van den Heever F.	152 707	-	-	57 135	-	-	23 445	-	-	-	-	233 287
Johnson J.	152 752			57 132	-	-	22 043	-	-	-	-	231 927
Municipal Manager												
Itumeleng T.C.	775 757		62 976	251 717	-	-	-	-	-	10 406	71	1 100 928
Chief Financial Officer												
Grond N.M.	508 414	21 205	40 545	267 342	-	-	-	-	-	9 654	71	847 232
Director: Community Services												
Apools-Sebogodi R.C.	190 114		-	40 000	-	-	-	-	-	2 497	18	232 628
Loeto G.N. (Acting)	244 617	131 527	26 745	100 242	15 737		43 105			6 285	54	568 312
Director: Corporate Services												
Phuti C.M. (Acting)	325 254	132 150	26 745	133 656	20 513	-	57 620	-	-	7 943	71	703 953
Director: Infrastructure												
Ositang K.N. (Acting)	325 254	154 429	26 745	135 564	37 048	-	-	-	-	8 351	71	687 462
Total for Management	4 227 562	439 312	183 757	1 524 154	123 128	-	370 312	-	-	45 135	357	6 913 717